Table of Contents

SECTION A: FOREWORD BY THE EXECUTIVE MAYOR 6

SECTION B: STATEMENT BY THE MUNICIPAL MANAGER 8

C. OVERVIEW OF THE MUNICIPALITY 10

1.2.1 Income levels 13

1.2.2 Poverty levels 13

1.2.3 Employment levels and trends 13

SECTION D. EXECUTIVE SUMMARY ..... **Error! Bookmark not defined.**

CHAPTER 1: HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT **Error! Bookmark not defined.**

1.1 ORGANISATIONAL STRUCTURE ..... **Error! Bookmark not defined.**

1.2 MUNCIPAL ORGANISATIONAL TOP STRUCTURE 21

1.3 STAFF DEVELOPMENT INITIATIVES ..... **Error! Bookmark not defined.**

1.3.1 Training of Councillors ..... **Error! Bookmark not defined.**

1.4 KEY HR STATISTICS PER FUNCTIONAL AREA 26

1.4.1 Municipal Manager, Section 57 and Line Managers 26

1.4.2 Staff complement in the technical Services 26

1.5 TECHNICAL STAFF REGISTERED WITH PROFESSIONAL BODIES **Error! Bookmark not defined.**

1.6 LEVELS OF EDUCATION AND SKILLS 27

1.7 TRENDS ON TOTAL PERSONNEL EXPENDITURE 27

1.8 LIST OF PENSION AND MEDICAL AIDS TO WHOM EMPLOYEES BELONG 28

1.9 DISCLOSURES-COUNCILLORS AND SENIOR MANAGEMENT 28

1.9.1 Councillor's Remuneration 29

1.9.2 Senior Official's Wages and Benefits Included 29

1.10 EMPLOPMENT EQUITY RATIO 31

1.10.1 Employees with Disabilities 32

1.11 IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM (PMS) 2

1.11.1 Annual performance as per key performance indicators in municipal transformation and organizational development 2

1.12 MUNICIPAL OVERALL PERFROMANCE DURING 2010/11 5

1.13 MAJOR CHALLENGES AND REMIDIAL ACTIONS IN REGARD TO HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT 6

1.13.1 Organisational Development 6

1.13.2 Performance Agreements for Contract Employees 6

1.13.3 Integrated Employee Wellness 6

CHAPTER 2: BASIC SERVICE DELIVERY PERFOMANCE HIGHLIGHTS (KPA 2) 7

2.1 WATER SERVICE DELIVERY STRATEGY AND MAIN ROLE PLAYERS: **Error! Bookmark not defined.**

2.2 ELECTRICITY SERVICES 9

2.3 SANITATION 11

2. 4 ROAD MAINTENANCE 12

2.4.1 Road maintenance services delivery strategy and main role-players **Error! Bookmark not defined.**

2.4.2 Level and standards in road maintenance services ..... **Error! Bookmark not defined.**

2.4.3 Annual performance as per key performance indicators in road maintenance services **Error! Bookmark not defined.**

2.5 WASTE MANAGEMENT 14

2.5.1 Waste Management services delivery strategy and main role players **Error! Bookmark not defined.**

2.5.1.1 Level and standards in waste management services....14

2.5.2 Major challenges in waste management services and remedial actions 15

2.6 COMMUNITY DEVELOPMENT SERVICES....16

2.6.1 Municipal Health Services.... **Error! Bookmark not defined.**

2.7 FIRE AND RESCUE SERVICES....27

2.7.1 Fire and Rescue Services Staff Complement.... **Error! Bookmark not defined.**

2.8 DISASTER MANAGEMENT .... **Error! Bookmark not defined.**

2.8.1 Location of the function and Human Capacity .... **Error! Bookmark not defined.**

2.9 THUSONG SERVICES CENTRE 31

2.10 SPECIAL PROGRAMMES 33

2.11 HOUSING AND TOWN PLANNING 35

2.11.1 Housing and town planning services delivery strategy and main role-players ..... **Error! Bookmark not defined.**

2.12 SPATIAL PLANNING 35

2.13 INDIGENT POLICY IMPLEMENTATION....37

2.14 OVERALL SERVICES DELIVERY BACKLOGS 38

CHAPTER 3: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK-(KPA 3) 41

3.1 LED STRATEGY/ PLAN.... **Error! Bookmark not defined.**

3.1.1 Status on developing LED Strategy/ Plan.... **Error! Bookmark not defined.**

3.1.2 Setting up LED Unit .... **Error! Bookmark not defined.**

3.1.3 Funding Opportunities for LED Activities.... **Error! Bookmark not defined.**

3.2 ANNUAL PERFOMANCE AS PER KEY PERFORMANCE INDICATORS ON LED**Error! Bookmark not defined.**

3.4 CHALLENGES REGARDING LED STRATEGY IMPLEMENTATION **Error! Bookmark not defined.**

CHAPTER 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)..... 44

4.1 THE AUDITED FINANCIAL STATEMENTS..... **Error! Bookmark not defined.**

4.2 BUDGET TO ACTUAL COMPARISON..... **Error! Bookmark not defined.**

4.4 MEETING OF DONORS' REQUIREMENTS IN RESPECT OF CONDITIONAL GRANTS..... **Error! Bookmark not defined.**

4.5 LONGTERM CONTRACTS ENTERED INTO BY THE MUNICIPALITY**Error! Bookmark not defined.**

4.6 THE AUDIT COMMITTEE FUNCTIONALITY..... 140

4.6.1 Audit Committee meetings and accountability..... 141

4.8 ARREAS IN PROPERTY RATES AND SERVICE CHARGES (WATER & SANITATION)..... **Error! Bookmark not defined.**

4.9 ANTI-CORRUPTION STRATEGY..... **Error! Bookmark not defined.**

CHAPTER 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (KPA 5)..... 142

5.1 OVERVIEW OF THE EXECUTIVE AND COUNCIL FUNCTIONS AND ACHIEVEMENTS..... 142

5.1.1 Status on Council Meetings..... 143

5.2 PUBLIC PARTICIPATION AND CONSULTATION..... 144

5.2.1 Public Participation on Draft Annual Report..... **Error! Bookmark not defined.**

5.2.2 Oversight Committee Report..... **Error! Bookmark not defined.**

5.3 COMMUNICATION STRATEGY..... 144

5.3.1 Human Resource available to lead the communication activities**Error! Bookmark not defined.**

5.3.2 Infrastructure Resources available for communications activities**Error! Bookmark not defined.**

5.4 INTERGOVERNMENTAL RELATIONS..... **Error! Bookmark not defined.**

5.4.1 Municipality's Partnerships with other Spheres..... **Error! Bookmark not defined.**

5.5 LEGAL MATTERS ..... **Error! Bookmark not defined.**

5.5.1 Management of litigation ..... **Error! Bookmark not defined.**

5.5.2 Management of Legal Risks 149

CHAPTER 6: FUNCTIONAL AREAS REPORTING AND ANNEXURE 150

6.1 GENERAL INFORMATION (POPULATION STATISTICS) 150

6.2 FINANCE AND ADMINISTRATION FUNCTION'S PERFORMANCE .... **Error! Bookmark not defined.**

6.3 COMMUNITY AND SOCIAL SERVICES FUNCTION'S PERFORMANCE **Error! Bookmark not defined.**

6.4 SPECIAL PROGRAMMES AND ATTIC ..... **Error! Bookmark not defined.**

6.5 WASTE WATER MANAGEMENT ..... **Error! Bookmark not defined.**

6.6 WATER DISTRIBUTION FUNCTION'S PERFORMANCE ..... **Error! Bookmark not defined.**

LIST OF ANNEXURE

ANNEXURE 1: APPROVED MUNICIPAL ORGANISATIONAL STRUCTURE

ANNEXURE 2: MUNICIPAL ANNUAL PERFORMANCE REPORT 2010/11

ANNEXURE 3: AUDITOR GENERAL'S REPORT 2010/11

ANNEXURE 4: PROOF OF PUBLIC PARTICIPATION ON DRAFT ANNUAL REPORT

ANNEXURE 5: OVERSIGHT COMMITTEE REPORT

ANNEXURE 6: ALFRED NZO DEVELOPMENT AGENCY ANNUAL REPORT 2010/11

ANNEXURE 7: COUNCIL RESOLUTION ON APPROVAL OF ANNUAL REPORT

SECTION A: FOREWORD BY THE EXECUTIVE MAYOR

Alfred Nzo District Municipality is undoubtedly on the road to recovery despite the numerous legacy challenges facing the municipality. What will make the turn-around of this municipality to be a success is the commitment that has been made by the new leadership of the municipality as a collective, as well as the positive attitude and the acknowledgement of our weakness in order for us to be assisted where possible, in coming up with realistic and achievable strategies and mechanisms to overcome those challenges.

As a municipality, we are mindful of our target for a clean audit by 2014 and for certain, we will not leave that to chance and indeed we will work tirelessly to achieve that target before it is due. We also acknowledge that we are a government in our own right, and that through the spirit of cooperative government we will continue to work very closely and tirelessly with the other spheres of government in particular, the Provincial Department of Local Government, Cooperative Governance and Traditional Affairs National and National Treasury and organs of state such as the Auditor General's office, to name but a few, in order for us to achieve our desired objectives.

However it should be understood that this is a completely new municipality with added responsibilities and expectation which translate to more challenges than there were before, and notwithstanding that, as a responsible municipality we will not wish away those challenges, but rather we have already taken ownership of all the liabilities and irregularities of the previous Council and made serious commitment and endeavour to remedy the situation.

To date, we identified capacity gaps that impeded any efforts to improve the situation, and as a result we managed to appoint an Audit Committee with a very reputable background and experience and due to obvious backlogs, they have hit the ground running. The critical positions of Manager Internal Audit and Risk Manager have been filled and the long outstanding position of Manager Corporate Services will be filled within one month from now. The Municipal Public Accounts Committee is fully functional and playing its oversight role in the manner expected of it. Furthermore, the municipality has imaged as one of the leading municipalities in the expenditure of the MIG grant as well as being number one nationally in creating employment through EPWP.

Admittedly, the new challenge that has emerged in the infancy stages of this new Council is the imbalance brought about by the service delivery challenges of the newly incorporated municipalities of Mbizana Municipality and Ntabankulu Municipality in relation to the extent of service delivery achievements that had been made in the old Alfred Nzo District Municipality. As such our priorities have been rearranged as a result of the imbalance.

Overall, the performance of the municipality has improved remarkably and for certain the environment that prevails is conducive to good working order and for that reason there can never be any reasons for failure.

_____

EXECUTIVE MAYOR

CLLR. E.N. DIKO

SECTION B: STATEMENT BY THE MUNICIPAL MANAGER

Alfred Nzo District Municipality is undoubtedly on the road to recovery despite the numerous legacy challenges facing the municipality. What will make the turn-around of this municipality to be a success is the commitment that has been made by the new leadership of the municipality as a collective, as well as the positive attitude and the acknowledgement of our weakness in order for us to be assisted where possible, in coming up with realistic and achievable strategies and mechanisms to overcome those challenges.

As a municipality, we are mindful of our target for a clean audit by 2014 and for certain we will not leave that to chance and indeed we will work tirelessly to achieve that target before it is due. We also acknowledge that we are a government in our own right, and that through the spirit of cooperative government we will continue to work very closely with the other spheres of government in particular, the Provincial Departments and National Treasury and organs of state such as the Auditor General's office, to name but a few, in order for us to achieve our desired objectives.

However it should be understood that this is a completely new municipality with added responsibilities and expectation which translate to more challenges than there were before, and notwithstanding that, as a responsible municipality we will not wish away those challenges, but rather we have already taken ownership of all the liabilities and irregularities of the previous Council and made serious commitment and endeavour to remedy the situation.

To date, we identified capacity gaps that impeded any efforts to improve the situation, and as a result we managed to appoint the Audit Committee with a very reputable background and experience and due to obvious backlogs, they have hit the ground running. The critical positions of Manager Internal Audit and Risk Manager have been filled and the long outstanding position of Manager Corporate Services will be filled within one month. The Municipal Public Accounts Committee is fully functional and playing its oversight role in the manner expected of it has imaged as one of the leading municipalities in the expenditure of the MIG grant as well as being number one nationally in creating employment through EPWP.

Admittedly, the new challenge that has emerged in the infancy stages of this new Council, is the imbalance brought about by the service delivery levels of the newly incorporated municipalities of Mbizana Municipality and Ntabankulu Municipality in relation to the extent of service delivery achievements that had been made in the old Alfred Nzo District Municipality. As such our priorities have been rearranged as a result of the imbalance.

Overall, the performance of the municipality has improved remarkably and for certain the environment that prevails is conducive to good working order and for that reason there can never be any reasons for failure.

_____

MUNICIPAL MANAGER

M. MOYO

C. OVERVIEW OF THE MUNICIPALITY

VISION AND MISSION STATEMENT

The Alfred Nzo District Municipality set its vision and mission where it aimed to have all plans and activities aligned and channelled towards achieving in vision.

VISION

A self-sustainable municipality that guarantees effective and efficient rural development

MISSION

Creating a conducive environment by improving human capabilities and enhancing relevant skills, and maximizing the utilization of natural resources in order to improve quality of life for its communities.

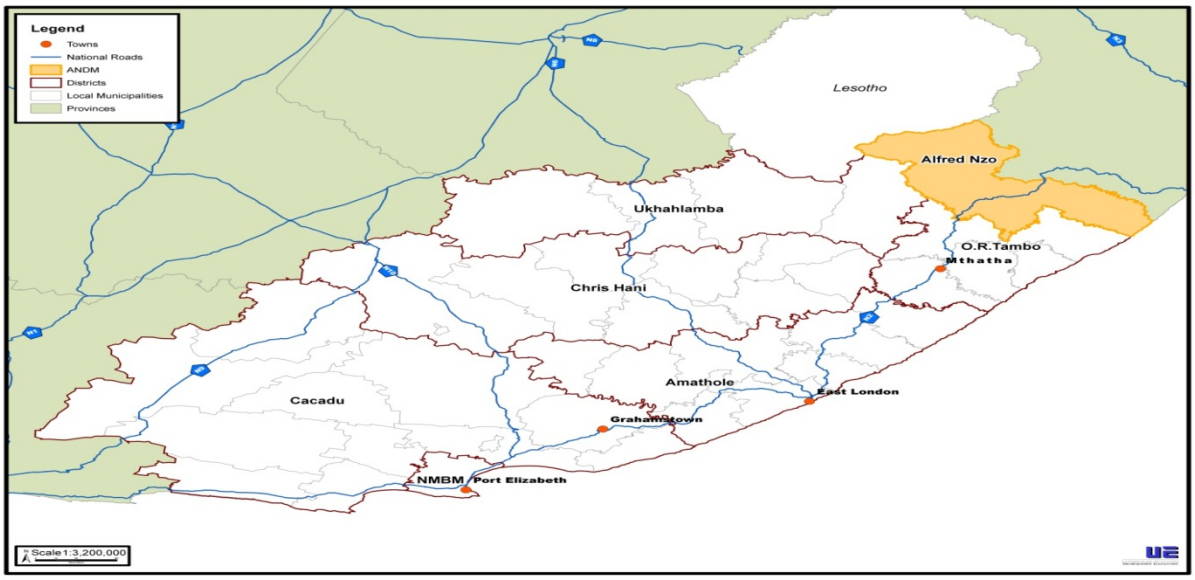
Motto

"To be a place of diverse heritage"

Values

Humanity, Professionalism, Responsiveness, Respect, Transparency, Courtesy, Accountability, Trustworthiness, Teamwork.

MAP 1: LOCALITY



Source: ANDM Economic Leakage Study 2010/11

Alfred Nzo District Municipality is situated in the North Eastern corner of the Eastern Cape Province. It stretches from the Drakensberg Mountains, borders Lesotho in the West, Sisonke District Municipality to the North and O.R. Tambo District Municipality in the East and South.

The Municipality as a result of Demarcation processes now shares a jurisdiction with the Matatiele, Umzimvubu, Ntabankulu and Mbizana Local Municipalities. The Alfred Nzo District comprises 11119 km^2 and sizes of four local municipalities are summarized below:

Table 1: Geographic composition of Alfred Nzo District Municipality

Municipality	**Area Km^2**	**Percentage of the District Area**
Matatiele Local Municipality	4352	39
Umzimvubu Local Municipality	2506	23
Ntabankulu Local Municipality	1455	13
Mbizana Local Municipality	2806	25
Alfred Nzo District Municipality	**11119**	**100**

Source: ANDM IDP 2011/12

Population growth within Alfred Nzo has substantially increased over the years. This has been purely influenced by the changes on the administrative boundaries of the district in 2006 and recently in 2011. During the early 2000s, the district population comprised of Umzimvubu and Umzimkhulu Municipal Population. After the 2006 elections, Alfred Nzo District increased in geographical space to include Matatiele Local Municipality which increased the area's population to 479,591 people. During the same period Umzimkhulu Local Municipality was moved to Sisonke District in KwaZulu-Natal. The recent demarcation following 2011 local government elections has resulted in Alfred Nzo District obtaining two additional local municipalities (i.e. Ntabankulu and Mbizana). This has further increased the area's population to approximately 900,491 people. The geographical area has also increased from 6858 km^2 to 11 119 km^2.

Table 2: Local Municipalities and Key Towns within ANDM

Local Municipality	Towns
Umzimvubu Local Municipality	Mount Ayliff
	Mount Frere
Matatiele Local Municipality	Matatiele
	Maluti
	Cedarvillle
Ntabankulu Local Municipality	Ntabankulu
Mbizana Local Municipality	Bizana
TOTAL	**7 Towns**

Source: ANDM IDP 2011/12

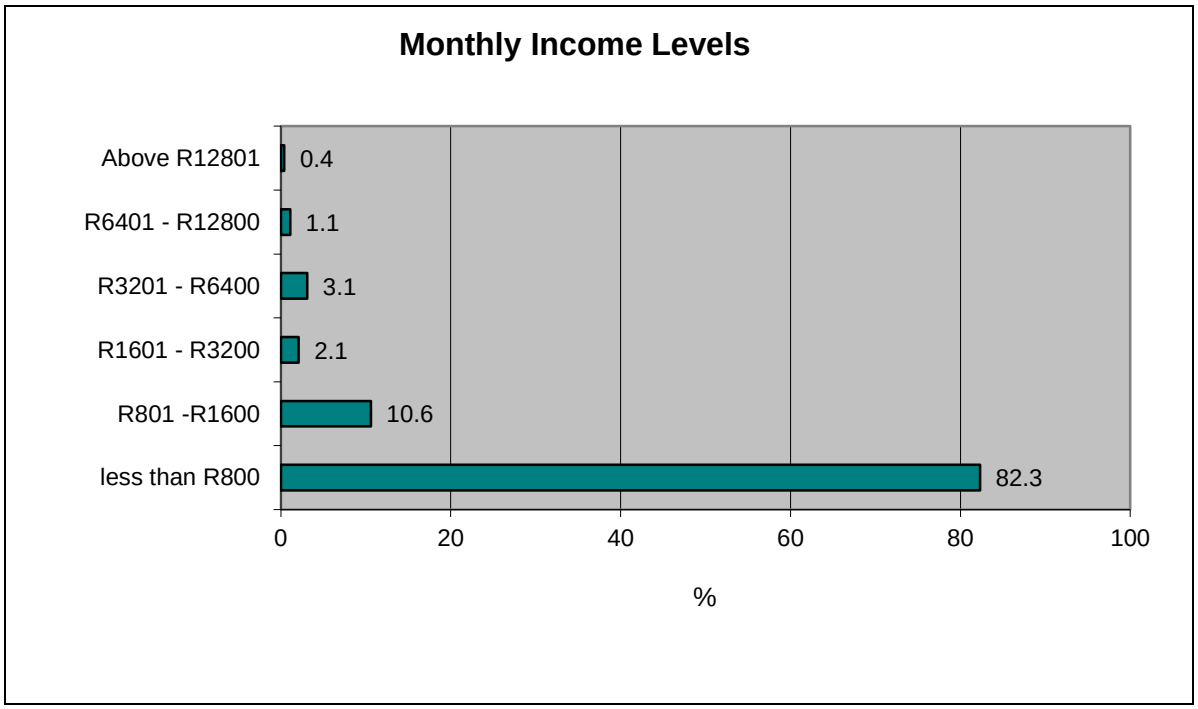
SOCIO ECONOMIC CONTEXT

The Alfred Nzo District is characterised by poor socio economic conditions and low levels of development which is not an uncommon trend in the region.

1.2.1 Income levels

Income levels within the District area are very low and this can further be associated with high levels of unemployment within the district. Only 6.7% of the economically active population has an income of more than R1601.00 per month. Municipal planning still needs to focus strongly on local economic development initiatives that will enable the community to generate an income.

Figure 1: Income levels



Source: Statistics South Africa: Community Survey 2007

1.2.2 Poverty levels

Increasing levels of absolute poverty have been recorded in the Eastern Cape and 74% of the people of the Eastern Cape live below the poverty line of R1600 or less a month). Poverty levels vary according to district but in Alfred Nzo 92.9% of the population live below the poverty line which is much higher than the Provincial norm. High poverty levels imply a high dependency on social assistance in the form of grants. Municipal planning needs to focus strongly on poverty alleviation mechanisms.

1.2.3 Employment levels and trends

The Alfred Nzo District is characterised by low levels of employment and a high percentage of people who are not economically active. This in turn accounts for the high poverty levels and low income levels. High unemployment rates impact negatively on municipalities as low affordability levels result in a poor payment rate for services. A comparison of the unemployment rate on district level reveals that Alfred Nzo has the second highest level of unemployment in the province.

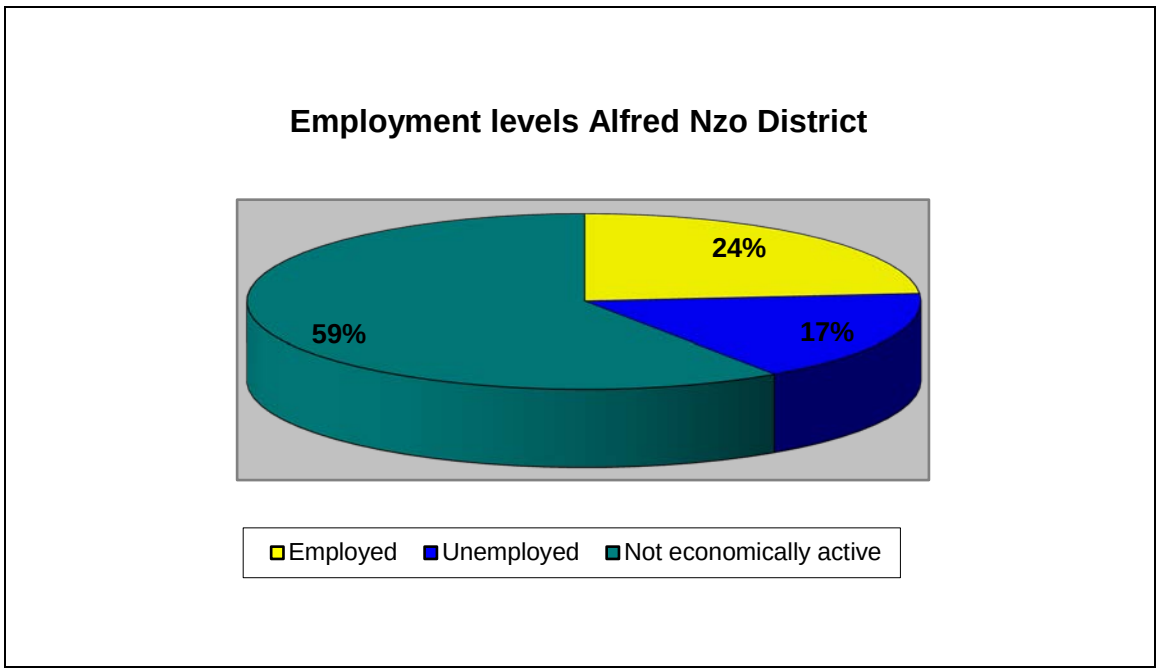
Table 3: Comparison of unemployment rates per district.

Municipality	Employed (%)	Unemployed /not economically active (%)
Chris Hani	18.3	81.7
Alfred Nzo	**23.69**	**76.31**
Ukhahlamba	26.3	73.7
Amatole	28.6	71.4
O.R.Tambo	32.06	67.9
Nelson Mandela Bay Metro	38.13	61.87
Cacadu	40.59	59.41

Source: Statistics South Africa: Community Survey 2007

The following figure provides an overview of employment levels at district level.

Figure 2: Employment levels Alfred Nzo District



Source: Statistics South Africa: Community Survey 2007

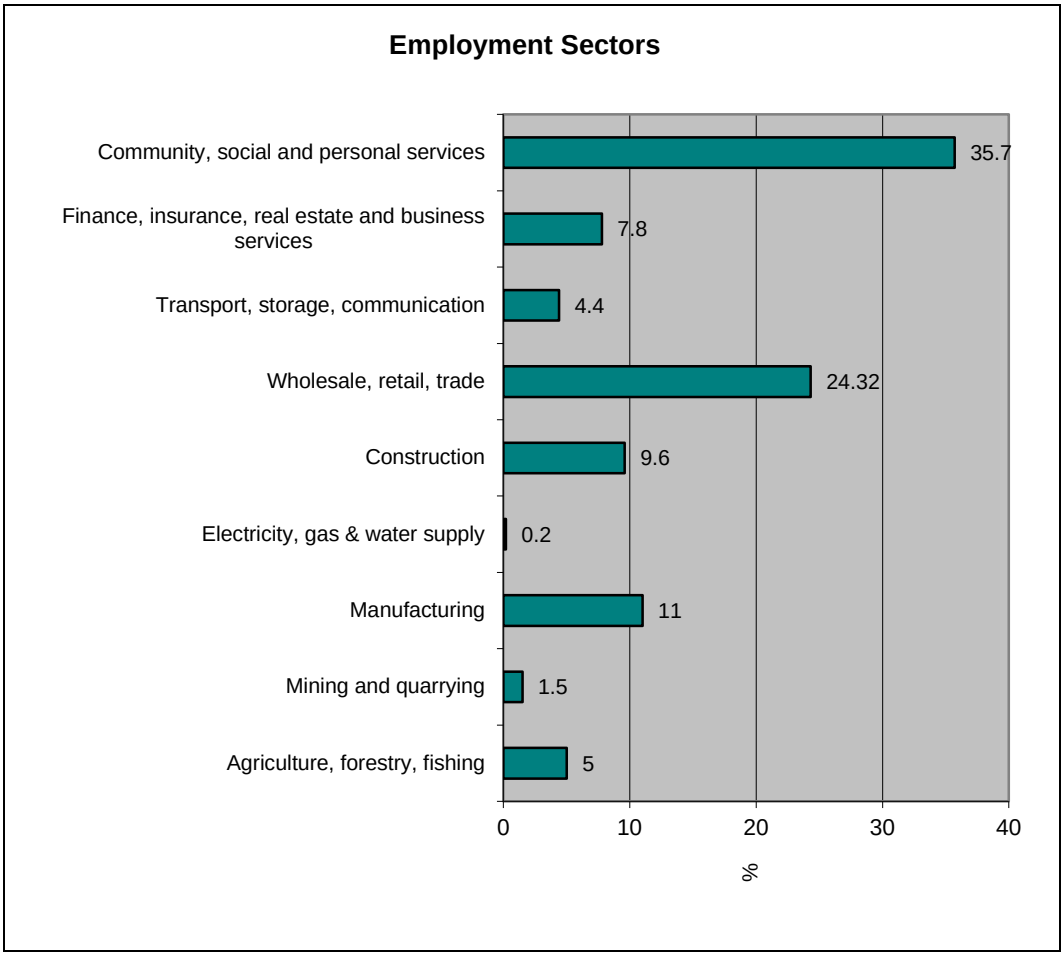
The Eastern Cape Province derives income from basically three sectors:

- ⇨ The primary sector made up by agriculture, forestry and fishing industry
- ⇨ The secondary sector dominated by transport, construction, food industry, and wholesale industry.
- ⇨ The tertiary sector dominated by community and public sector services.

On Provincial level employment is dominated by the tertiary sector. This is reflected in the Alfred Nzo District where the public sector or community services accounts for the majority of specified jobs (35.7%). This sector is an unlikely base for employment expansion.

Primary activities namely agriculture, forestry and fishing only account for 5% of the jobs in the District, despite the fact that agriculture remains the most dominant activity. It is assumed that the subsistence nature of agriculture in the District is the reason why the sector does not reflect as a significant employment sector.

Figure 3: Employment Sectors



Source: Statistics South Africa: Community Survey 2007

The employment sector is dominated by elementary occupations (31.1%). Craft and related workers, service shop market and sales workers, and clerks jointly constitute 23.3% of the employment sector. Professionals, technicians and associate professionals and legislators /senior managers jointly constitute only 33.1 % of the employment sector. This dominance of elementary and other low level occupations is testimony to the low skills base of the area. This is aggravated by an absence of tertiary educational institutions which contribute significantly to the low levels of graduates in the area. Consequently there is an acute shortage of skilled artisans, engineers, project managers, business management skills and technical skills in agriculture, tourism, forestry and environmental management.

SECTION D. EXECUTIVE SUMMARY

1. MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

This report will highlight achievements and challenges experienced during this financial year in each key performance area.

Achievements:

- Organogram approved by the Council
- 304 posts were filled resulting in a vacancy percentage of 28.19% for the period.
- Performance agreements for all section 57 managers.
- ANDM developed and adopted a workplace skills plan for the 2011/12 financial year.
- 183 employees are trained on various training progrmmes
- 13 Councillors received training.
- In terms of institutional arrangements ANDM has fully functional structures e.g. council, municipal public accounts committee, audit committee, district intergovernmental structures.

Challenges:

- ANDM could not fill all critical positions
- Non completion of skills audit
- Mismanagement of Grants

2. BASIC SERVICE DELIVERY

The district municipality is still faced with huge backlogs in water and sanitation. This situation has been worsened by the incorporation on Mbizana and Ntabankulu to the district. Some of the highlights of service delivery include the following:

- ANDM has performed remarkable in terms of MIG expenditure where it has been declared the best performing municipality in the province.
- The municipality has observed great improvements with regards to Blue Drop and Green Drop compliance status, where it has recently achieved position 4 in the provincial ratings.
- Number of households with water above RDP standards 6 043.
- Sanitation achieved 32 599.
- In partnership with Swedish specialists, ANDM has managed to establish waste buyback centre at Umzimvubu LM where a total of 3 cooperatives are benefiting on the programme and in the process a total of 30 jobs have been created.

Challenges:

- Huge backlogs
- Supporting departments do not respond promptly on compliance approvals i.e water licenses, ROD's on EIA's and basic assessment conducted.
- A huge number of backlogs on sanitation.

- Lack of cooperation between ANDM and certain local municipalities with regards to waste management.

3. COMMUNITY DEVELOPMENT SERVICES

Achievements:

- Adoption of the internal mechanism by council.
- Municipal Health Service embarked on food safety programme.
- ANDM conducted training workshops on climate change.
- Consultative interviews and workshops with all relevant stakeholders were conducted for the development of customer care policy.
- Health and hygiene awareness campaigns have been conducted for all communities with water and sanitation projects.
- ANDM participated on Salga EC municipal games for 2011.
- On the international games the Alfred Nzo karate team made the district proud by participating and performing well in Japan karate world tournament in June 2012.

Challenges:

- Funding for number of environmental health practitioners.
- Delays in the devolution of Municipal Health Services
- Unfunded mandates e.g. Air Quality

4. MUNICIPAL LOCAL ECONOMIC DEVELOMENT FRAMEWORK

The District Municipality continues to focus on agriculture and livestock improvement in developing the economy. Partnerships with ASGISA-EC and the Department of Rural Development and Agrarian reform have various programmes within the ANDM. Some of the Co-operatives and SMME's have been supported. District Support Team was established and is functional. During the 2011/12 financial year, ANDM received grant funding for LED capacity equivalent to R371, 245.00. ANDM created more jobs through a number of interventions amongst others being Donga Rehabilitation Programme, EPWP (over 2000 jobs).

Challenges:

- Lack of integration and coordination for LED initiatives.
- Sailor mentality

5. FINANCIAL VIABILITY AND MANAGEMENT

The district municipality is grant dependent as there is little revenue directly collected from consumers. The audit opinion continues to be a disclaimer. One of the critical areas was to ensure compliance with supply chain management policy. There has been a great improvement on the submission of Section 71 and 72 reports compared to the previous year.

Challenges:

- Poor collection of revenue
- Debt owed by consumers for water services
- Too many indigents due to unemployment.

6. GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Our Council has met eleven (11) times during the financial year and all council meetings preceded by Mayoral Committee and Standing Committees. IDP and Budget road-shows were held in all local municipalities before adoption. Mayoral imbizo's were conducted by the municipality in soliciting inputs from the public relating to the IDP. All established Council structures e.g. Audit committee etc. have been functional during the financial year and reports tabled to Council. The communication strategy is informed by communication plans emanating from the local municipalities. Communication strategy workshop was held.

CHAPTER 1: HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT

1.1 ORGANISATIONAL STRUCTURE

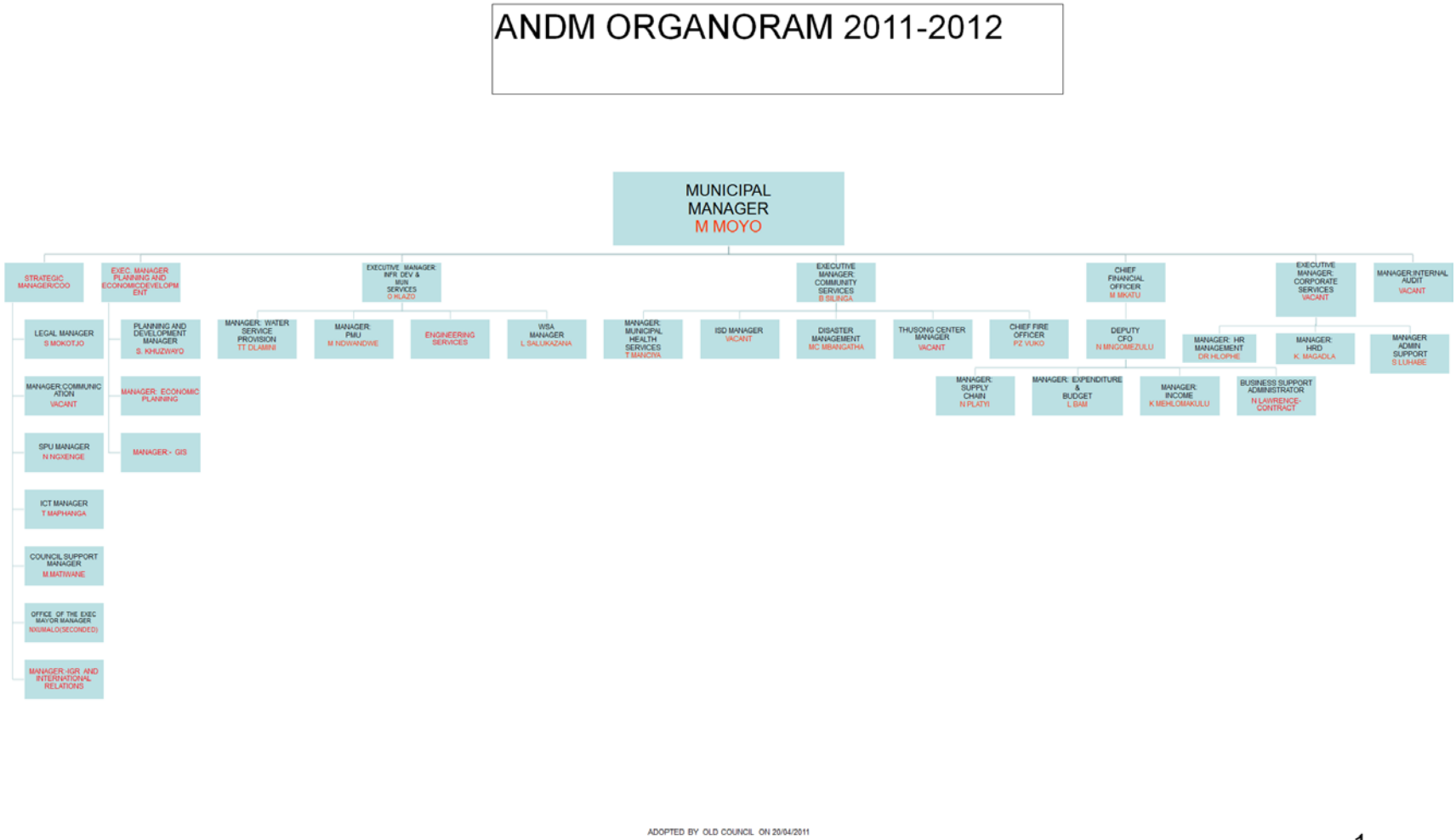
The municipality managed to prepare and get the Organogram approved by Council before the start of the year under review. The structure had a total of 423 posts for the period and a sum of 304 posts were filled resulting in a vacancy percentage of 28.1% for the period. A total of 6 including the Municipal Manager's position section 57 posts were provided in the structure with 4 of the posts filled during the financial year under consideration.

The municipality successfully managed to sign all Performance Agreement for all of section 57 managers. The performance agreements were of the following managers:

- Municipal Manager;
- Chief Financial Officer;
- Senior Manager: Technical Services;
- Acting Senior Manager: Corporate Services; and
- Senior Manager: Community Development Services

The municipality structure reflected below covers the top levels only and the comprehensive adopted organisational structure is attached to the report as an annexure for further reference.

1.2 MUNCIPAL ORGANISATIONAL TOP STRUCTURE



Full Organizational Structure is attached as an annexure to the report. The Municipal Organisational Structure had a total number of staff 423 where 304 posts are identified as approved and budgeted for. A total of 95 posts were provided in the structure though not budgeted for. All Section 57 Managers Performance agreements were submitted to the Office of the MEC for DLGTA though submitted late due to the municipality not having a designated Senior Manager: Corporate Services.

1.2 STAFF DEVELOPMENT INITIATIVES DURING THE FINANCIAL YEAR

The municipality developed and adopted a workplace skills plan for the financial year 2011/ 12. A number of training programmes were rolled out and benefitted the officials/ office-bearers which could be summarised as shown below:

Training Intervention	BENEFICIARIES			
	Departments	Gender		Levels
		Female	Male	
Internship: HRD	CPS	1	0	
Internship: Legal Services	CPS	1	3	
Internship: Communications	MM's Office	1	0	
Internship: HRM	CPS	1		
Internship: MM's Office	Municipal Manager	1	0	
Internship: Admin Support	CPS	1	0	
Internship: SPU	Municipal Manager	1	0	
Internship: Fleet Management	BTO	1	0	
Internship: ICT	CPS	1	0	
Internship: BTO	BTO	2	4	
Internship: Environmental Health	Technical Services	0	1	
Study Assistance: National Diploma Public Management	Technical Services	1	0	7
Study Assistance: BA: Developmental Studies	BTO	0	1	6
Study Assistance: B Com (Law)	CPS	0	1	3
Study Assistance: ND: HRM	CPS	0	1	10
Study Assistance: B Com	BTO	1	0	9
Last 4 modules of CPMD	Development & Planning, Technical Services, CPS	2	2	1, 2
MFMP	All Departments	7	5	1,3,0,2
Basic Archives and Records Management	CPS	2		7,9
Study Assistance: Diploma Office	Community Services	1	0	8

Training Intervention	BENEFICIARIES			
	Departments	Gender		Levels
Management and Technology				
Municipal Finance Management Programme	BTO	5	4	3,4,5
Certificate Programme in Management Development - MF	MM, CPS, Development & Planning, BTO, Community Services, Technical Services	3	4	0, 1, 2
Occupationally Directed Education Training Development Practices	CPS	1	1	3,6
Water and Waste Water Training	Technical Services		1	6
National Certificate in Municipal Governance	All Departments	7	10	All levels
Advanced Municipal Governance Programme	All Departments	11	3	6,7,8,9
Advanced Certificate in Municipal Governance	All Departments	9	15	All levels
National Certificate in Municipal Governance	Council	3	1	Not applicable
ABET Programme	Technical Services	2	26	12
RPL Wastewater Treatment Process	Technical Services	4	7	2,3,6
Coaching and Mentoring	Technical Services	1	2	9
Advanced Safety Driving	MM	0	2	6
Logistics Management	BTO	0	1	7
Fleet Management	BTO	0	1	6
Employee Wellness Training	CPS	0	1	4
Advanced Driving	CPS	0	2	10
Risk Management and Corporate Governance	MM	1	0	1
VIP Payroll Training	CPS	1	1	3, 4
Supervisory Management	Technical Services	1	0	3
IT Governance	CPS	1	0	6
VIP Premier User	CPS	1	0	6

Training Intervention	BENEFICIARIES			
	Departments	Gender		Levels
Municipal Finance Management Programme	Development Planning, MM & Technical Services	2	1	2, 3, 4
Internship :Technical Services	Technical Services		1	
Study Assistance :Masters in Public Administration	Community Services	2	0	5,6
TOTAL		**82**	**101**	**183**

1.3.1 Training of Councillors

Training Intervention	BENEFITIARIES			Grand Total
	Departments	Gender	Levels	
		Female	Male	
National Certificate in Municipal Governance	Council	1	3	4
Certificate in Public Administration for Community Services	Council	2	3	5
Summer School Training for Councillors (Induction)	Council	1	3	4
Study Assistance: ND: Public Management	Council	**0**	**1**	**01**
TOTAL		**4**	**9**	**13**

1.4 KEY HR STATISTICS PER FUNCTIONAL AREA

1.4.1 Municipal Manager, Section 57 and Line Managers

	Approved positions (e.g MM-S57 & Line Managers)	Number of approved and budgeted posts per position	Filled posts	Vacant posts
1	Municipal Manager	1	1	0
2	Senior Managers	5	4	1
3	Line Managers	28	28	0
Total		34	33	1

1.4.2 Staff complement in the technical Services

	Approved positions (e. g MM-S57 etc...)	Number of approved and budgeted posts per position	Filled posts	Vacant posts
1	Senior Manager	01	01	00
2	Sectional Heads	05	05	0
3	Project Manager	02	02	00
4	Supervisor	01	01	00
5	Technicians	25	05	25
6	Administrators	22	03	19
7	Plumber	65	38	27
8	Driver	06	02	04
9	General Assistant	66	43	23
10	Superintendents	13	09	04
11	Operators	72	59	13
TOTAL		**283**	**168**	**115**

TECHNICAL STAFF REGISTERED WITH PROFESSIONAL BODIES

Technical Service (e.g water, electricity etc...)	Total number of technical service Managers	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
Director (IDMS)	**1**	**1**	**0**	**0**
WSP	**5**	**1**	**4**	**4**
WSA	**4**	**4**	**0**	**0**
PMU	**4**	**1**	**3**	**3**

1.6 LEVELS OF EDUCATION AND SKILLS

Total number of staff	Number of staff without Grade 12	Number of staff with Senior Certificate only	Number of staff with Tertiary/accredited professionals training
347	140	91	157

1.7 TRENDS ON TOTAL PERSONNEL EXPENDITURE

The table below reflects the Personnel Expenditure rends during the last three financial years:

Financial Years	Total number of staff	Personnel expenditure (salary and salary related)
2009-2010	358	R 48 454 247.04
2010-2011	304	R64 801 360,00
2011-2012	423	R92 233206

Personnel Expenditure over the period of three financial years has shown increase and this is due to creation of new posts, increase in Labour costs and annual increments. On the 2010-2011 the institution was faced with high rate of resignation.

1.8 LIST OF PENSION AND MEDICAL AIDS TO WHOM EMPLOYEES BELONG

Names of pension fund	Number of members		Names of Medical Aids	Number of members
Cape retirement fund	12		Bonitas	156
Samwu provident fund	103		LA Health	61
Natal joint pension fund	15		Samwumed	16
Municipal employees pension fund	151		Hosmed	7
Municipal councillors pension fund	6		Fedhealth	1
			Keyhealth	0
TOTAL	287		**TOTAL**	241

1.9 DISCLOSURES-COUNCILLORS AND SENIOR MANAGEMENT

This section covers the municipal expenditure on both Councillors and Senior Management Remuneration reflecting on two financial years. The increase noted between the two financial years is due to annual increments (determined by the Bargaining Council) and the determination of the upper limits for Councillors.

1.9.1 Councillor's Remuneration

Category Vote	2010/11	2011/12
Executive Mayor's allowance	R528 855.00	R647 521.43
Council Speakers allowance	R422 914.00	R523 310.54
Mayoral Committee's allowance	R788 316.00	R827 568.75
Councillors allowance	R1 597 575.50	R1 545 157.53
Councillors' contribution to medical aid and pension	R400 372.94	R582 422.77
TOTAL	**R3 176 191.42**	**R4 125 981.02**

1.9.2 Senior Official's Wages and Benefits Included

NAME AND SURNAME	DEPARTMENT	POSITION	LEVELS	2010/11	2011/12
L. SALUKAZANA	INFRASTRUCTURE	WSA MANAGER	3	R600 000.00	R677 851.20
S.LUHABE	MM'S OFFICE	OFFICE MANAGER	3	R490 000.00	R553 578.48
M.MBANGATHA	COMMUNITY SERVICES	MANAGER DISASTER MAN	2	R603 914.82	R682.273.97
S. MOKOTJO	CORPORATE SERVICES	MANAGER LEGAL SERVICES	3	R600 000.00	R677 851.20
N.D. NGXENGE	MM'S OFFICE	MANAGER SPU & ATTIC	2	R600 000.00	R682 273.97
E. DZIDE	INFRASTRUCTURE	ENGINEER	3	R490 000.00	R553 578.48
L. BAM	BTO	MANAGER EXPENDITURE	3	R490 000.00	R553 578.72
C.K. MAGADLA	CORPORATE SERVICES	MANAGER: HRD	3	R490 000.00	R553 578.48
S KHUZWAYO	MM'S OFFICE	MANAGER DEV PLANNING	2	R608 192.44	R677 851.20
N PLATYI	BTO	MANAGER SCM	3	R490 000.00	R553 578.48
M MKATU	BTO	CFO	1	R800 000.00	R840 000.00
ON HLAZO	INFRASTRUCTURE	SNR MANAGER INFRASTRUCTURE	1	R780 000.00	R840 000.00

NAME AND SURNAME	DEPARTMENT	POSITION	LEVELS	2010/11	2011/12
N GULE	INFRASTRUCTURE	PROJECT MANAGER	3	R490 000.00	R553 578.48
M MOYO	MM'S OFFICE	MUNICIPAL MANAGER	0	R930 000.00	R976 500.00
DR HLOPHE	CORPORATE SERVICES	HR MANAGER	2	R600 000.00	R677 851.20
T MAPHANGA	CPS	ICT MANAGER	2	R600 000.00	R677 851.20
TT DLAMINI	INFRASTRUCTURE	WSP MANAGER	2	R600 000.00	R677 851.20
B SILINGA	COMMUNITY SERVICES	SENIOR MANAGER COMM SERV	1	R780 000.00	R819 000.00
NN MNGOMEZULU	BTO	DEPUTY CFO	2	R700 000.00	R790 826.40
M NDWANDWE	TECHNICAL SERVICES	PMU MANAGER	2	R700 000.00	R790 826.40
B KHATHALI	TECHNICAL SERVICES	MANAGER: SHE	3	R490 000.00	R553 578.48
N LAWRENCE	BTO	MANAGER: MANAGER FINANCIAL SYSTEMS	3	R490 000.00	R553 578.48
S NELANI	MM	MANAGER: INTERNAL AUDIT	2		R677 851.20
N VUKO	COMM SERV	CHIEF FIRE OFFICER	2	R600 000.00	R677 851.20
TOTAL				**R14 022107.26**	**R 14 359 34.53**

1.10 EMPLOPMENT EQUITY RATIO

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	*W*	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	1	0	1
Senior management	3	0	0	0	0	0	0	0			3
Professionally qualified and experienced specialists and mid-management	41	0	0	0	26	1	0	0	0	0	68
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	102	6	0	0	16	0	0	0	0	0	124
Semi-skilled and discretionary decision making	48	3	0	0	84	3	0	0	0	0	138
Unskilled and defined decision making	52	0	0	0	6	0	0	0	0	0	58
TOTAL PERMANENT	246	9	0	0	132	4	0	0	1	0	392

Temporal employees	2	0	0	0	2	0	0	0	0	0	4
GRAND TOTAL	**248**	**9**	**0**	**0**	**134**	**4**	**0**	**0**	**1**	**0**	**396**

1.10.1 Employees with Disabilities

Occupational Levels	**Male**				**Female**				**Foreign Nationals**		**Total**
	A	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**Male**	**Female**	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0

Professionally qualified and experienced specialists and mid-management	0	0	0	0	1	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	0	0	0	1	0	0	0	0	0	2
Semi-skilled and discretionary decision making	1	0	0	0	1	0	0	0	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	2	0	0	0	1	0	0	0	0	0	0
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	2	0	0	0	2	0	0	0	0	0	4

1.11 IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM (PMS)

The Municipality reviewed and adopted Performance Management Policy Framework. The PMS is implemented at both institutional and individual level. All Section 57 Managers signed Performance Agreements and the performance assessment was conducted on a quarterly basis.

1.11.1 Annual performance as per key performance indicators in municipal transformation and organizational development

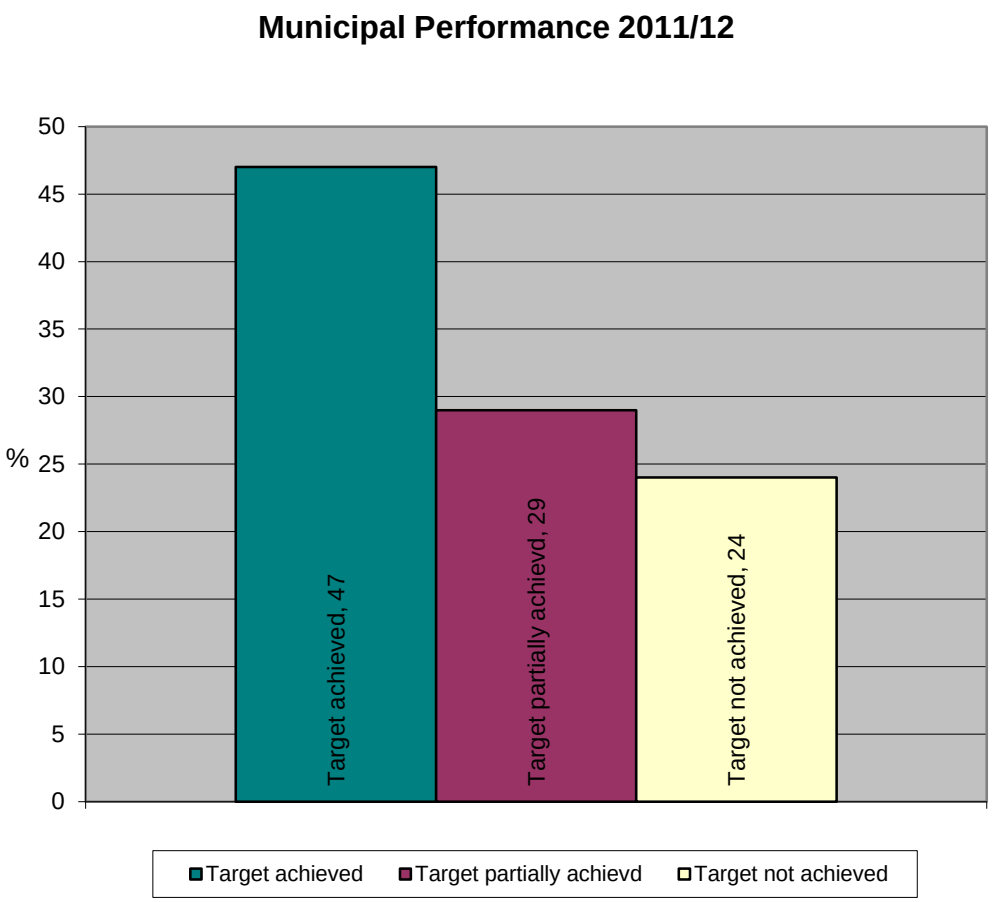
	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts	31	10	3%	The Organisation was under Administration so non critical posts were not prioritised
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	5	3	6%	The Municipality experienced a number of delays as a result of section 139
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development	5	4	80%	A good number of section 57 managers attended

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
	training course within the FY				various programmes though they couldn't complete due to work commitments
4	Percentage of Managers in Technical Services with a professional qualification(IDMS)	6	5	3%	budget constrains within that financial year
5	Percentage of municipalities within the district area that have a fully functional Performance Management System (DM only)	5	4	0	PMS is fully functional in some locals whilst the District is still implementing only at the top management
6	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	347	110	31%	There has been an increase on the number of employees completing skills audit forms over the 5 year period

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
7	Percentage of councillors who attended a skill development training within the current 5 year term	40	13	33%	Not all councillors completed skills audit forms during the period
8	Percentage of staff complement with disability	3	3	0	n/a
	Percentage of female employees	57	49	2%	female employees have been given recognition during the recruitment period
12	Percentage of employees that are aged 35 or younger	50	42	2%	budget constrains within that financial year

1.12 MUNICIPAL OVERALL PERFOMANCE DURING 2011/12

The municipality planned and budgeted for a total of 143 projects or programmes for 2011/12 financial year. The overall performance by the municipality as per the targets for 2011/12 can be summarized as follows:



The performance of the municipality for 2011/12 is almost identically to the performance for 2010/11 where the municipality obtained 48% of targets achieved, 30% of targets partially achieved and 22% of targets that were not achieved. The non-achievement of municipal targets can be mainly associated with lack of human resources capacity where the municipality had vacancies and the fact that most plans or policies were developed but were not finally adopted by Council.

1.13 MAJOR CHALLENGES AND REMIDIAL ACTIONS WITH REGARD TO HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

1.13.1 Organisational Development

Challenges	Remedial Actions
-Budget utilised for the training programmes which are not on WSP implementation Plan. -Mismanagement of Grants	-Budget must be utilised for planned trainings only. -All grants that are received from the SETA must be managed properly
-Non completion of skills Audit	-Ensure that all Managers, employees and councillors must complete Skills Audit/Personal Development Plans. HODs and supervisors should assist employees in identifying relevant skills gaps

1.13.2 Performance Agreements for Contract Employees

Challenges	Remedial Actions
-Managers and supervisors still need more exposure on Performance Management in order to assist in the implementation of the system.	-Regular workshops -Managers are undergoing management and leadership training through CPMD and the Management Leadership Programme to enrich their management skills.
-Lack of time dedicated to the PMS process.	-Regular emphases of its importance in management meetings.

1.13.3 Integrated Employee Wellness

Challenges	Remedial Actions
-There is no Employment Assistant Plan	-Sourcing of the funding
-The capacity in the Wellness office is lacking.	-Employment of the wellness staff Training of the staff

CHAPTER 2: BASIC SERVICE DELIVERY PERFOMANCE HIGHLIGHTS (KPA 2)

2.1 WATER SERVICES DELIVERY STRATEGY AND MAIN ROLE-PLAYERS:

The Municipality is a Water Services Authority under the Municipal Structures Act (No117 of 1998). The Municipality, being the WSA, has also decided to fulfil the Water Services Provider function for the local Municipalities that fall within its area of jurisdiction. These services are performed under the infrastructure within the DM. The infrastructure department is split into three sections, the WSA, PMU and WSP.

The WSA is responsible for the compilation of the Water Services Development plan (WSDP) and the Master Plans for sanitation & transport planning. It is also responsible for the verification and review of by-laws and tariffs in terms of the Water Services Act (108 of 1997). It is also responsible for the investigations and designs of all water schemes and extensions.

The PMU deals with all capital and MIG funded projects in the entire district. These include water, sanitation, community facilities, and LED projects. This section also deals with the management of the funding of projects for which applications have been received and the implementation thereof. The strategic objectives of this unit are to provide services including engineering and community services to address the current backlogs.

The WSP is responsible for the operations and maintenance of the water purification and sewerage plants in all local municipalities within ANDSM (Matatiele, Umzimvubu, Mbizana and Ntabankulu local Municipalities). It is responsible for the bulk and reticulation networks in the aforementioned towns. It is responsible for the operations and maintenance of water services infrastructure management of the drought relief funding, also deals sampling for water and effluent quality testing and compliance with legislative requirements (BDS & GDS).

Levels and standards in water services:

The municipality provides a high level, RDP and below RDP standards level of services of water and sanitation. People sourcing water from springs, rainwater tanks, streams, rivers, dams, or water vendors are deemed to be unserved. People sourcing water from within 200m from a standpipe in the rural areas are deemed to be served within the RDP standards and people with erf connections in the urban areas are deemed to be served with a high level service.

The Municipality provides bulk services for water and Sanitation to Schools and clinics where the cost for connection is incurred by the respective sector departments.

b. Annual performance as per key performance indicators in water services

	Indicator name	**Total number of household/customer expected to benefit**	**Estimated backlogs (actual numbers)**	**Target set for the FY under review (actual numbers)**	**Number of HH/customer reached during the FY**	**Percentage of achievement during the year**
1	Percentage of households with access to potable water	**Total h/hds 178347** With Water 74557 42%	99715 56%	7921 8%	7921 8%	8% against the backlog
2	Percentage of indigent households with access to free basic potable water	72659 41%	99715 56%	7921 8%	7921 8%	7921 8%
4	Percentage of clinics with access to potable water	N/A				
5	Percentage of schools with access to	N/A				

	potable water					
6	Percentage of households using buckets	N/A				

d. Major challenges in water services and remedial actions

The major challenge that the municipality is currently facing is the reverse in backlogs resulting from the increase of a number of local municipalities its serving. The verification reports show that there is a lot of backlog eradication, replacement and refurbishment of infrastructure that needs to be carried out in the new areas. One of the challenges that the Municipality is facing in water provisioning is the statutory obligations. The challenge lies when the supporting departments do not respond promptly on compliance approvals i.e water licenses, ROD's on EIA's and Basic Assessments conducted. This, sometimes, stalls progress of projects thereby delaying the backlog eradication processes.

These challenges need to be addressed in the following manner:-

Strengthening relations with the support departments through the IGR process.

Implementation of the debt collection strategies and the compilation of the indigent register so that all consumers that do not qualify get billed to recover costs for operations and maintenance.

2.2 ELECTRICITY SERVICES

a) <u>Electricity services delivery strategy and main role-players</u>

The municipality does not provide electricity to its communities but plays a supporting role to its locals in terms of co-ordinating the main role players i.e. ESKOM, in the process of electrification. ESKOM is the licensed distributor of electricity in the majority of the municipal area with the exception of the town of Matatiele where Matatiele Local Municipality is the licensed distributor.

The majority of the households do not have access to electricity services and this translate to 75% of the households with only 25% having access to electricity. Most of the affected

areas are those identified to be remote in their set-up as the bulk of the municipal area is deemed to be rural. The district municipality has completed the electricity sector plan for the four local municipalities.

b) Annual performance as per key performance indicators in Electricity services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to electricity services	NIL				
2	Percentage of indigent households with access to basic electricity services					
4	Percentage of indigent households with access to free alternative energy sources					

Major challenges in electricity services and remedial actions

The major challenges include the National capacity challenge of ESKOM infrastructure. The other challenge is the inability of our Local Municipalities to provide this function on their own since they are not yet licensed to do so. This challenge goes on to the point where ESKOM as an accredited service provider, plans and implements on their own without really involving the Local Municipalities. This as well needs to be addressed in the IGR where the Department of Minerals needs to be put on board with these issues so that there could be steering committees or any other committee where ESKOM accounts to.

2.3 SANITATION

a. Sanitation services delivery strategy and main role-players

The Municipality provides sanitation for its entire jurisdiction i.e. Umzimvubu, Matatiele, Mbizana and Ntabankulu Local Municipalities.

The Department operates the established 7 Sanitation Zone centres that are responsible to produce and construct sanitation facilities in the rural area. This activity is purely a labour intensive initiative. This is where the District Municipality manages to provide many job opportunities whilst providing the sanitation service to the community. It is through this initiative that the District Municipality received lots of incentives from the EPWP. Furthermore, implementation of the VIP toilets programme has also been extended to Mbizana and Ntabankulu local municipalities, the construction is done through normal tender processes and construction.

b. Level and standards in sanitation services

The Municipality provides different levels of services in Sanitation under the Water Services Act (108 of 1997). People with flush toilets are deemed to be served with a high level of sanitation service. People with ventilated improved pits (VIP) are deemed to be served within the RDP standards of services. People using unventilated pit latrines, buckets or no facility are deemed to be unserved. The municipality is implementing a movable toilet structure which is a precast type.

c. Annual performance as per key performance indicators in sanitation services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	Total h/hds 178437 79773 43.3%	99857 56.6%	30050 30%	18360 61%	18360 61%
2	Percentage of indigent households with access to free basic sanitation services	71311 40%				
4	Percentage of clinics with access to sanitation services	N/A				
5	Percentage of schools with access to sanitation services	N/A				

d. Major challenges in sanitation services and remedial actions

The municipality is faced with a huge number of backlogs on Sanitation and this will impact in reaching the set National targets. The main challenge around this service is the issue of funding. The Municipality has submitted frontloading funding application to DBSA via National Treasury. This stride was taken to reduce the challenges of both water and sanitation services, and this is still in the pipeline.

2. 4 ROAD MAINTENANCE

a. Road maintenance services delivery strategy and main role-players

The District Municipality plays a supportive role in providing maintenance of roads infrastructure to its Locals Municipalities.

2.4.2 Level and standards in road maintenance services

The District Municipality is not responsible for road maintenance for coordination.

The district municipality has completed the District Transport Plan for all four local Municipalities.

2.4.3 Annual performance as per key performance indicators in road maintenance services

Road maintenance is the responsibility of the Local Municipality.

c. Annual performance as per key performance indicators in road maintenance services

	Indicator name	**Total number of household/customer expected to benefit**	**Estimated backlogs (actual numbers)**	**Target set for the f. year under review (Actual numbers)**	**Number of HH/customer reached during the FY**	**Percentage of achievement during the year**
1	Percentage of households without access to gravel or graded roads	**Total h/hds 178347** With Water 74557 42%	99715 56%	7921 8%	7921 8%	8% against the backlog
2	Percentage of road infrastructure requiring upgrade	72659 41%	99715 56%	7921 8%	7921 8%	7921 8%
4	Percentage of planned new road infrastructure actually constructed	N/A				
5	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	N/A				

2.5 WASTE MANAGEMENT

2.5.1 Alfred Nzo District Municipality is not performing the task of refuse removal. The refuse removal services are performed by the local municipality and in this case the four local municipalities performing this task of refuse removal is Mbizana, Ntabankulu, Matatiele and Umzimvubu local municipalities. The district municipality assisted the local municipalities by developing the Integrated Waste Management Plan. Both Matatiele and Umzimvubu have integrated Waste Management Plans that were developed by the Alfred Nzo District Municipality. A budget was set aside to develop the plan and implement the plan.

With regards to the Adoption and implementation of waste management plans, the district municipality adopted the Integrated Waste Management Plan with its recommendations/ implementation plans in a form of Waste Action Plan (WAP).

Two Waste Buyback Centre were initiated as part of the implementation of the IWMP and only one was completed during the 2010-2011 financial year and that is the Mt Frere Buyback Center based in Umzimvubu Local Municipality.

Waste Training and Awareness was a second Waste Action Plan that the Alfred Nzo District municipality initiated as part of the implementation of the IWMP. This activity was also budgeted for in the year 2010-2011 by Alfred Nzo District Municipality. Two waste management workshops were conducted in Umzimvubu Local Municipality and four awareness campaigns were also conducted in the latter local municipality.

2.5.1.1 Level and standards in waste management services

The two local municipality mention in section (a) above could be classified as providing low level access to waste management services. The reason for this assumption is that the two local municipalities only provide refuse removal services to urban areas (towns and its surrounding urban residential areas and townships). In the rural areas/ villages there are no refuse removal services and this is what determines the low level access to waste management service because both local municipalities are predominantly rural.

Both local municipalities provide high quality standards of waste management services considering their rural and economic stress. Waste is collected on a daily basis in town and in some instances such as Mt Frere waste is collected twice a day in town. In urban residential areas and townships the waste is collected twice a week. There are refuse receptacles in a form of skips and rubbish bins in towns and the refuse removal vehicles and trucks are in good conditions. The waste is disposed in the licensed landfill sites which are currently being managed as per license conditions.

2.5.2 Major challenges in waste management services and remedial actions

Budgeting constraints- the municipality need to prioritise the budget towards waste management.

Lack of cooperation between the municipality and certain local municipalities- local municipality should not work in isolation from the district instead they should allow the district municipality to assist them where possible and they need to stop thinking that the district municipality is a dictator.

Continuously changing legislation- this creates a lot of confusion and it becomes difficult for the municipality to keep up with the changes and this leads to most WAP not being implemented.

Lack of compliance in landfill sites- Burning of waste and scavenging in the landfill sites are the major challenges within the district. Local municipalities must allow the district municipality and DEDEA to monitor compliance so as to assist in ensuring that the landfill sites are compliant and remains in good conditions.

2.5.2 Highlights of achievements for the year 2011-2012

Water

	Status Quo 2010-11	Status Quo 2011-12	Total achieved
Total no of hh	178 347	178 347	
No of HH with no Water	83 784	77 741	6 043
No of HH with Water below RDP standard	15 931	15 931	0
No of HH with Water above RDP standard	74 557	80 600	6 043

Sanitation

	Status Quo 2010-11	Status Quo 2011-12	Total achieved
Total no of hh	178 347	178 347	32 599
Served hh	79 333	111 932	
Unserved hh	98 574	66 415	

2.6 COMMUNITY DEVELOPMENT SERVICES

2.6.1 Municipal Health Services

The district municipality took over the function of Municipal Health Services that was previously performed by other government stakeholders (in particular Local Municipalities and Dept of Health) through devolution process of powers and functions to the district municipalities and metros. The DM has undergone a lot of processes in trying to meet the requirements of owning the function, amongst others, was

Adoption of the internal mechanism by council, and the council gave a mandate for the process of owning the function to continue, and this has been communicated with ECDoH and an agreement was done. The ECDoH is to finance the CoE for 3 years at a sliding scale of 100%, 66% and 33% consecutively.

Continuing funding of the function by the National Treasury based on population from 7,2 M to 15 M during the financial year under review, and this has also taken into account the re-demarcation of the DM boundaries, thus adding Ntabankulu and Mbizana LMs.

Levels and standards in Municipal Health services:

As set by the standards of the WHO (World Health Organisation), it is mandatory that each environmental health practitioner (EHP) deals with 7,500 of the population for the EHS to be efficient and effective.

The verbal arrangement made by South Africa has been lowered from 15,000 to 10,000 and this is according to the WHO standards.

To try and address this ANDM has made strides to assist EHPs within its area of jurisdiction to be included in its car allowance and cell-phone scheme, thus improving the conditions of rendering the service. This approach by the district had a positive impact where the major part of the district was easily attended to and the service delivery mandate improved drastically. Dedication of Environmental Health Practitioners has continued to improve the service delivery.

The district municipality has included the MHS programme in its organogram.

The process of the devolution of powers and functions with regard to the transfer of staff from the province to the district municipality has started, as all the people are already reporting to our office. We are busy fine tuning the modalities of the transfer process together with the Department of Health, provincially.

MHS Operations:

MHS FOOD SAFETY OUTREACH

Municipal Health Services (MHS) embarked on food safety programme. This programme was initiated because of the need to educate or make food handlers aware of dangers or health risks when preparing and selling food (unlabelled incorrect containers, display of food, and general cleanliness of the food handlers). The focus is in all street vendors-those selling in pension pay points (epeyini/peying).

Another initiative was that of strengthening the importance of compliance in our business community. An awareness/ outreach was done in all the towns specifically to those businesses selling raw and cooked food. Compliance and hygiene were over-emphasised. Condemnation and detention of unsound foodstuffs was done.

This exercise was done together with the councillors who are directly in charge of the service.

This also assisted in the council being able to account on the function that is being its responsibility.

AIR QUALITY

ANDM is embarking on strategies to mitigate and adapt to effects of Climate Change, and out of this workshops and trainings are being held to put the EHPs on par with the advantages and disadvantages of adverse conditions of climate change and what are the deadly effects thereof. It also capacitates EHPs on the dos and don’ts for mitigation and prevention.

Annual performance as per key performance indicators in Municipal Health services

	Indicator name	Total number of population expected to benefit from the service	Estimated shortfall (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Water Quality Monitoring Percentage of samples taken and analysed from potable water sources	809 samples taken from 102 (incl Ntabankulu & Mbizana) at a monthly interval and as per need, but there has been much focus in towns where the BDS is administered	Some areas still depend on unprotected springs	750 samples	70 % of HH reached	Adding on there is an attainment of 64 % of a blue drop status, and this indicates well that WQM is improving statistically Also the DM has registered into the Green Drop (Waste Water Initiative) and this has mandated us to monitor waste water from the 4 WWTW in the district. Monitoring is done on a monthly basis, and the results are showing proper management of waste water at our treatment works
2	Food Safety and Control Percentage of food handling premises (urban & rural) are selling sound	80% of food handlers with approved CoAs	20 % of food handling premises do	320 businesses that are		50% improvement on un-expired foodstuffs

	Indicator name	Total number of population expected to benefit from the service	Estimated shortfall (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
	foodstuffs Percentage of food samples taken	65 % of food samples collected, analysed & communicated	not comply with the health standards	selling foodstuffs have been evaluated		50% of the food handling premises (rural) have improved structurally 70 % of food samples comply with health standards
3	Waste management (Health Care Risk Waste) Percentage of clinics and hospitals with adequate management systems of healthcare waste	The service level agreement of the ECDoH with an accredited service provider is still maintained by the department and this entails 66 clinics, 7 hospitals, and 2 health centres This agreement is for collecting and safely disposing their healthcare waste	40 % of HCRW generators Do not use accredited service provider, to dispose their healthcare waste	All public & private healthcare institutions, mortuaries (including state mortuaries) to properly manage their healthcare waste	26 GPs and 4 mortuaries are using the already available contractor In health and hygiene sessions, communities are educated to report any healthcare waste dumping	All govt facilities, and a few private facilities are complying in managing their healthcare waste properly Dumped waste that has been reported by communities has been cleaned up by the ECDoH, although there is no proof that it belongs to this district

	Indicator name	Total number of population expected to benefit from the service	Estimated shortfall (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
	Surveillance and Prevention of Communicable diseases -100% of all reported cases are attended (investigated and followed up)	All wards in the ANDM benefit in the form of health and hygiene education	Delay in receiving notifications from relevant stakeholders			

Major challenges in Municipal Health services and remedial actions

As the time goes on, funding is going to impact heavily on the rendering of the services, especially when it comes to adjusting the organogram to fit to the numbers of Environmental Health Practitioners versus the population. The National Treasury, on the other hand is increasing the budget to cover the cost of rendering the service (but because of previous inequities this is a drop in the ocean). It would be advisable to allocate as it is done in the Western Cape.

2.6.2 Customer Care and Institutional & Social Development (ISD)

Customer care and ISD is a unit composed of two sub-units; namely Customer care which is responsible for ensuring that sound relations exist between the municipality and its customers and ISD component, responsible for ensuring that development initiatives are implemented through a people –centred approach where development is community driven, owned and therefore sustainable.

Institutional & Social Development The ISD component of the unit conforms to The Local Government: Municipal Systems Act 32 of 2000, Chapter 4 (17) (2e) , which provides for a municipality to establish appropriate mechanisms, processes and procedures to enable the local community to participate in the affairs of the municipality, and also report back to the local community. This component ensures that:

Development is community driven,

Promotes participation and involvement of all relevant stakeholders,

Instils proper consultation, awareness and communication channels

Creates ownership and sustainability of services delivered

Facilitates creation of employment and poverty alleviation

LEVELS AND STANDARDS OF ISD AND CUSTOMER CARE

The ISD component of the unit conforms to The Local Government: Municipal Systems Act 32 of 2000, Chapter 4 (17) (2e) , which provides for a municipality to establish appropriate mechanisms, processes and procedures to enable the local community to participate in the affairs of the municipality, and also report back to the local community.

The Local Government: Municipal Systems Act 32 of 2000, Chapter 9, Section 95(a) stipulates that: a municipality must within its financial and administrative mandate establish a sound customer management system that aims to create a positive and reciprocal relationship between persons liable for payment of services and the municipality hence the establishment of the Customer Care section.

CUSTOMER CARE AND ISD PROGRESS:

CUSTOMER CARE

Establishment of the Customer Care Unit, the Customer Care and ISD Manager was appointed; all recruitment processes for customer care personnel were conducted.

Consultative interviews and workshop with all relevant stakeholders were conducted towards the development of the customer care policy

Customer Relations Management Systems (CRM) has been procured and installed

INSTITUTIONAL AND SOCIAL DEVELOPMENT (ISD)

All recruitment processes for additional ISD personnel were conducted.

Community participation has been enhanced through community mobilization to introduce all new ANDM development initiatives (Projects / Programmes) ,capacity building of all established community structures that drive development initiatives at a community level

Health and Hygiene awareness campaigns have been conducted for all communities with water and sanitation projects to provide communities with a good understanding of Hygiene, Sanitation promotion and behavioural change in relation to Hygiene and Sanitation

Annual performance as per key performance indicators in Customer Care and ISD

	Indicator name	Total number of population expected to benefit from the service	Estimated shortfall (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Facilitate the Recruitment of Customer Care Manager and Customer Care personnel	Appointment of Customer Care Personnel	HR recruitment processes may delay	1 Customer Care and ISD Manager, 2 Senior Customer care officers and 4 Customer Care Officers	Customer Care and ISD Manager assumed duty on January 2012. Appointment letters of 2 Senior Customer Care Officers have been signed.	70% Recruitment processes achieved.
2	Establishment of the Call Centre	To procure and install customer relation system (CRM Electronic) Development of manual complaints register	Nil	Install CRM System Develop manual complaints register	CRM procured and Installed. Complaints registers developed	100% CRM system tested and found functional. Complaints logged manually at satellite offices.
3	Development of the Customer Care Policy.	Customer Care Policy Adopted by the Council.	Nil	Implementable policy developed	Consultative workshop and interviews with all relevant stakeholders.	80 % Achievement, Draft policy in place.

	Indicator name	Total number of population expected to benefit from the service	Estimated shortfall (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
4	Coordinate and Facilitate establishment of Local Community Safety Forum	Local Community Safety Forums established in all LM'S.	Nil	Review of all Local Community Safety Forums	Consultation meetings with all relevant stakeholders	50 % Achievement, Consultative meetings held with all four LMS
5	Community mobilization and Involvement	promoted Stakeholder participation and Community ownership of all ANDM projects	Nil	Introduce all new ANDM Projects to communities	Community Mobilization meetings for all new and existing projects facilitated.	100% Achieved Information dissemination to communities about planned projects, and provision of detailed implementation plan Public education on various water scarcity intervention
6	Establishment of community structures	All ANDM New and Existing projects.	Nil	Selection of Project Steering Committees, Village Sanitation Committees	Project Steering Committees, Village Sanitation Committees have been established and democratically elected	100 % Achieved. Project Steering committees established.
6.	Training and Capacity Building of Community structures	All ANDM New and Existing projects.	Nil	All community structures must be capacitated.	Project Steering Committees, Village Sanitation Committees have been established and trained	100 % Achieved, Training manuals and ISD guidelines in place.
7.	Health and Hygiene promotion	All ANDM New	Nil	Conduct	Village Health workers and	100 % Achieved,

	Indicator name	Total number of population expected to benefit from the service	Estimated shortfall (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
		and Existing projects		Health and Hygiene education in all ANDM New and existing projects.	communities have been capacitated.	Training manuals are in place.,

E) SPORTS, ARTS, CULTURE, RECREATION, HERITAGE AND LIBRARIES

The district municipality took over the responsibility of coordinating social activities which includes; sports, arts and culture, recreation, heritage and libraries. Amongst these items the Heritage and museum is the core mandate of the municipality.

The guiding documents for the SACRHL unit will be developed by January 2013, these documents are expected to be ready by the beginning of February 2013. These includes; sport and recreation policy, arts and culture policy, heritage and museum policy respectively.

SACRHL Operations:

Sport and Recreation

This unit as it has been mandated to coordinate sport and recreational programme, number of activities have been done. The municipality has participated in the Salga EC municipal games for 2011 that took place in Port Elizabeth hosted by Nelson Mandela Metro Municipality, as part of playing coordinating role we have also participated in the Yellow Pages athletic program that took place in Germiston in Gauteng Province. On international games the Alfred Nzo Karate team made the district proud by participating and performing well in Japan karate world tournament in June 2012.

Arts and culture

We had also started an annual programme of drawing community attention to the cultural festival, this is the promotion of cultural diversity of the glorious district municipality.

Heritage and museum

Heritage tells the stories of our past, it reflect our present and will be our legacy for the future generations. Heritage resources and services are central to human development in the post-apartheid South Africa and play and important political, social and economic role in constituting and transforming our society. The memorial lecture of the late Alfred Baphetuxolo Nzo was declared by the municipality as the annual activity for the purposes of preserving his legacy, the erection of Ngqindilili Hill monument to mark the memories of the fallen heroes of the Pondo Revolt between 1960 and 1962.

Annual performance as per key performance indicators in Sport, Arts, Culture, Recreation, Heritage and Museum

	Indicator name	Total number of population expected to benefit from the service	Estimated shortfall (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Sport and Recreation	Alfred Nzo District Municipality federations	Nil	Five sporting codes	Focus was under 19 in deferent sporting codes	Not specific
2	Arts and Culture	All cultural practices within the district were recognised	Nil	Nil	Nil	Not specific

	Indicator name	Total number of population expected to benefit from the service	Estimated shortfall (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
3	Heritage and museum	Memorial lecture of Alfred Baphethuxolo Nzo and erection of the Monument at Ngqindilili Hill	Nil	Memorial lecture and erection of the monument	Two wards, one in Mbizana ward 11 and one in Matatiele ward 14	100%

Major challenges in Sport, Arts, Culture, Recreation, Heritage and Museum and remedial actions

As the time goes on, funding is going to impact heavily on the rendering of the services, especially when it comes to adjusting the organogram to fit to the numbers of Sport, Arts, Culture, Recreation, Heritage and Museum officers versus the population.

2.7 FIRE AND RESCUE SERVICES

2.7.1 FIRE AND RESCUE SERVICES

ANDM has established Fire and Rescue Services in line with Fire Brigade Services Act (Act 99 of 1987) and Section 84(1)(j) of Municipal Structures Act (Act 117 of 1998).

The service planned to achieve the following KPAs in the financial year 2011/12:-

Procurement of the Fire and Rescue Services resources: 1X Fire Engine, 3XSkid unit vans, 1XRescue trailer with equipment and 1XHazmat trailer with equipment.

Conduction of Scientific Fire Risk Assessment – to determine the actual risks to be protected throughout the district and development of district fire safety plan.

Fire Safety: To promote fire safe practices within the district and,

To facilitate the recruitment and support to key Fire & Rescue Service objective

Annual performance as per key performance indicators in Fire ad Rescue Services

	Indicator name	Total number of population expected to benefit from the service	Estimated shortfall (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	**Fire Services Resources**	All ANDM Communities to benefit. Resources respond wherever necessary.	N/A	1 X Fire engine(R2 269 757,38) 3 X Skid unit vans (R964 400,70) 1 X Rescue trailer with equipment (R244 395,00) 1 X Hazmat trailer with equipment (R262 384,68)	All ANDM jurisdiction covered	100% resources placed at different stations throughout the district
2	**Fire risk assessment project**	To ensure safe and sustainable environment for the people of the ANDM	30% of Fire Risk Assessment processes to be finalized on the 2012/13 financial year	Appointment of Service provider to conduct assessment and produce Fire Safety Plan	All 4 Local Municipalities consulted	70% achieved, assessment reports and attendance registers for assessment available.

	Indicator name	Total number of population expected to benefit from the service	Estimated shortfall (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
3	**Facilitate the recruitment and support to key Fire & Rescue Service objective**	All ANDM local Municipalities	N/A	33 posts have been advertised	All Local Municipalities within ANDM jurisdiction	100% appointment contracts of the appointees available
4	**Fire Safety**	To promote a fire-safe environment within the ANDM	5 posts have not been filled	1 station Officer and 5 Senior Fire Fighters Posts had to be filled	1 Station Officer responsible for co-ordinating Fire Safety throughout the District has been appointed	30% appointment letter for the station officer

2.8 DISASTER MANAGEMENT SERVICES

As this is the Annual Report of the ANDM DRMC it reflects on the significant milestones achieved since the promulgation of the Disaster Management Act (No. 57 of 2002) and the publication of the Disaster Management Framework (2005) and places an emphasis on achievements and challenges experienced while implementing the Disaster Management legislation through to the end of the 2011/2012 financial year.

It is comforting to note that despite the inevitable challenges experienced during the implementation of the Disaster Management Act that significant strides have been taken with regard to the implementation and operationalization of the Disaster Management legislation.

It worth noting that Disaster Risk Reduction, which is defined by the United Nations International Strategy for Disaster Reduction (UN-ISDR) as “the systematic development

and application of policies, strategies and practices to minimise vulnerabilities and disaster risks throughout a society, to avoid or to limit the adverse impact of hazards, within the broad context of sustainable development (2002, 25)" should result in a reduction of loss of human lives, livelihoods and property as well as social, economic (and environmental) setbacks that result from natural disasters." The aim of Disaster Risk Reduction policies is to increase resilience to natural hazards while ensuring that development efforts do not increase vulnerability to these hazards.

There are 4 KPAs that are implemented in the programme, and they are a follows:

KPA 1: INTEGRATED INSTITUTIONAL CAPACITY FOR DISASTER RISK MANAGEMENT

KPA 2: DISASTER RISK ASSESSMENT

KPA 3: DISASTER RISK REDUCTION

KPA 4: RESPONSE AND RECOVERY

	Indicator name	**Total number of population expected to benefit from the service**	**Estimated shortfall (actual numbers)**	**Target set for the FY under review (actual numbers)**	**Number of HH/customer reached during the FY**	**Percentage of achievement during the year**
1	Kpa 1: integrated institutional capacity for disaster risk management	For Community of ANDM at large	Nil	Appointment of 3 x DMOs Procurement of 2 x disaster management vehicles	10 wards	100% achieved
2	Kpa 2: disaster risk assessment	Appointment of Aurecon to conduct disaster risk assessment for the entire Alfred Nzo Area of jurisdiction	Nil	102 wards targeted	102 wards	100%
3	Kpa 3: disaster risk reduction	Appointment of Aurecon to develop	Nil	ANDM area of	ANDM	100%

	Indicator name	Total number of population expected to benefit from the service	Estimated shortfall (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
		ANDM Disaster management plan and review of policy framework		jurisdiction		
4	**Kpa 4: response and recovery**	Procurement of relief material for disaster affected wards	Nil	102 wards	All affected wards	100%

Major challenges in Disaster Management and remedial actions

The main challenge that is facing the service since the unit was initiated is that there is gross shortage of personnel, but the positions have been included in the organogram. What is also a challenge is that even the filling of the vacancies is not that easy due to budgetary constraints.

2.9 THUSONG SERVICES CENTRE

Through the National Government concept of Thusong Service Centre, Alfred Nzo District Municipality in partnership with the Provincial Government established a Thusong Service Centre in Nophoyi servicing Ward 10, 12 and 13 of Umzimvubu Local Municipality) to meet the government objectives of having a one stop service centre in order to bring services closer to the people. Alfred Nzo District Municipality also has an office within the Thusong Centre to handle community queries in relation to services offered by the district municipality as well as the Local Municipality of Umzimvubu through Cooperative Governance approach. There also have been initiations of 3 other thusong service centres in all the other LMs: for Mbizana it's to be in Nkantolo, for Ntabankulu LM it's to be in

Chibini. In Matatiele LM further consultations have to be done. The services offered to the Communities in the Thusong Centre are summarised in the table below:

INSTITUTION	SERVICES OFFERED
Alfred Nzo District Municipality	Handling of Community Queries in terms of service delivery and information dissemination to the community.
Post Office	Postal Services including payment of grants to community members
Sassa	Accept and Process all grants applications by Community members
Department of Home Affairs	Process applications of Birth and Death Certificates, Identity Documents and Passport and further distribution of such documents.
South African Police Services	Attending Community safety Queries and processing of affidavits and document certifications.
Department of Social Development	Deals with all social matters affecting communities.

2.10 SPECIAL PROGRAMMES

Alfred Nzo District Municipality during the financial year under review also embarked on Special Programmes and these were facilitated by the Special Programmes Unit and ATTIC which is located in the office of the Executive Mayor politically and in the office of the Municipal Manager administratively. The SPU and ATICC is charged with the responsibility to ensure that special community groups (Youth, children, People with disability and Women) that are marginalized due to various challenges, are involved and benefit from municipal Services Delivery Programme like all citizens. The section is also engaged in all HIV & AIDS Programmes and Projects in the district through District Aids Council coordinating structure in a multi-sectorial approach.

Through the Special Programmes, the municipality during the financial year under review achieved the following:

Conducted 33 Awareness Campaigns and 3 Capacity Building on HIV and AIDS to Health Care Professionals.

Provision of Health Care Facilities with Condoms and HIV & AIDS Information and Services.

Facilitated establishment of 4 support groups.

Commemorated Condom week, VCT week and World AIDS institutionalized days/events.

Reviewal of the District AIDS Council.

Reviewed the DAC Strategic document.

Conducted 6 Women economic empowerment workshops.

Actions against Gender Based violence and road shows.

Hosted and coordinated all gender based institutionalised days.

Presented a paper on the National SADC CONFERENCE in JOHNNESBURG on best practises on Gender based program.

Established the district Disability Forum and Developed a Disability Policy

Facilitated two training programme for people with disabilities

Facilitated 4 support programmes for people living HIV and AIDS

Revived Women Structure and Further assisted to establish theirs

Training of District Women's Forum

Launched the Men's Forum

Take a girl child to work

Social responsibility provided two poor families during the 67minutes.

National Women's Day (District activity).

Launch of 16 Days of Activism

Women Economic Development Programme(Mbizana and Matatile).

2.10.1 Challenges and Remedial Actions

Challenges	Recommendations
Poor participation of Politician and administration on SPU programs.	All special Programme must be prioritised both by the political and administration.
Poor coordination and interference of politicians that results to ineffective establishment of Community Based structures, namely District youth Council etc.	Management and political leaders of local municipalities to facilitate and support the establishment of the community based structures in their municipalities.
None participation of management in SP Mainstreaming Programmes.	The Management must participate in the Special Programs Mainstreaming Workshops
Lack of Sustainability of the existing Support Groups and projects.	Integration of programs with other departments. Empowerment of Support Groups on basic skills on Project management
Poor participation of Women structures in Gender Programs.	Involvement of the portfolio head to assist in this section. Local municipalities to facilitate the establishment of women structures.
DAC Meetings fail to seat	The Executive Mayor to discuss the issue on the District Mayor's Forum and Municipal Manager's forum.
Lack of commitment of LACs in the programme.	The District Aids Council has to support the LAC's

2.11 HOUSING AND TOWN PLANNING

2.11.1 Housing and town planning services delivery strategy and main role-players

The District municipality is not directly involved for the delivery of the low cost housing as that is the competency of provincial department of human settlement as well as the local municipality, however the district municipality will assist in building houses that have been damaged through a disaster or emergency housing because disaster management is the function of the district.

2.11.2 Town planning services

A large proportion of the town planning work is the responsibility of the local municipality, However the district municipality in responsible for regional spatial planning through crafting of SDF, Co-ordinating regional planning, strategic planning and district wide spatial planning interventions.

2.12 SPATIAL PLANNING

a. Preparation and approval process of SDF:

In accordance with the requirement of Section 26 (e) of the municipal systems Act , Act No. 32 of 2000 Alfred Nzo District Municipality Has prepared a draft Spatial Development framework for the whole district area. The subject draft document has been completed and is expected to be tabled before council for adoption before the end of the fourth quarter in the 2012/2013 financial year. The previous district SDF which was adopted in 2008 was not reviewed by council, in keeping with the five year life span of the SDF. The district municipality resolved to compile a new document as a result of the 2011 municipal demarcation which saw in the inclusion of two additional municipalities within Alfred Nzo District municipality. The two additional municipalities' i.e Matatiele local municipality and Ntabankulu local municipality had to be incorporated into the long term strategic spatial framework.

In keeping with the requirements of chapter four of the Municipal System Act, Act No. 32 of 2000, The district municipality has insured a transparent, inclusive and comprehensive approach towards the adoption of the SDF. The project steering committee of the subject document was made up of

representatives from the district municipality, DPLGTA, RDLR, Traditional leaders, councillors, local municipalities and the professional consulting team responsible for assisting the district in crafting the document.

Alferd Nzo District municipality SDF is compiled in support of the long term strategic intent and a short to medium development program as outlined in the IDP. The following are the key spatial restructuring program for Alfred Nzo District Municipality:

Hierarchy of corridors

Hierarchy of Nodes

Settlement Clusters

Implementation Strategy

In an endeavour to realise the aspirations of the draft 2013-2017 SDF, Alfred Nzo District Municipality has incorporated an Implementation framework within the SDF which is aligned to municipal budgeting. The district municipality is currently implementing some of the projects identified in the implementation strategy and is committed to supporting (Financially and technically) local municipalities in all spatial planning projects.

Land use management:

The District municipality is predominantly rural in nature with small urban centers within its Seven towns i.e Mbizana, Mount Frere, Mount Ayliff, Matatiele, Maluti, Ntabankulu and Cedarville. This means that only the towns mentioned above have town planning schemes thus proper land use management. It is still a challenge to manage landuse in rural areas as these areas are under the administration of the traditional leaders who use customary systems of land use and land allocation. The District municipality is responsible for regional development and the local are responsible for local development therefore the district municipality devises strategies to inform land use management but cannot enforce landuse regulatory measures as that is the function of the local municipality's. The District municipality therefore does not deal directly with statutory planning but advises local municipalities on such application for land development as and when needed, nonetheless the district municipality is hopes to compile a broad landuse Management framework in preparation of the wall to wall development of schemes. Up to this end the District

municipality will initiate a project of land use management guidelines for the whole district in the 2012-2013 financial year.

c. Major challenges in spatial planning services and remedial actions

The key challenge for the district in terms of spatial planning is land tenure, most of the land is either under a claim, communal ownership or under the custody of the house of traditional leaders. Secondly another challenge to spatial planning is dispersed housing settlements which makes it either too costly to provide basic services or virtually impossible. The district SDF has proposed the development of settlement plans throughout the district area as a remedial action to the current spatial planning challenges.

2.13 INDIGENT POLICY IMPLEMENTATION

The indigent policy was reviewed and adopted by council for implementation. The ANDM's indigent policy sets out the following:

Procedures for identifying indigent households
Procedures for verifying the information received
A definition of indigence
The qualifying conditions for participation in the ANDM service
A process for applying for the subsidy
Administering the subsidy
Monitoring the efficiency of implementation
Detecting and dealing with free-riders/fraudulence
Community education with regard to indigent policy
Minimum levels of service provision and
Services that qualify for subsidization.

A total number of 13 861 households were registered for the indigent assistance. This assistance is in a form of free basic water (6KL per households per month) and free basic sanitation (improved ventilated pit latrine in the rural and 5kl sewer in the urban area).

Although this number was verified through the existing community structures it was accepted as the register to be given these subsidies since the municipality was in a process to procure the indigent management system.

2.14 OVERALL SERVICES DELIVERY BACKLOGS

Basic service delivery area	**30 June 2011**			**30 June 2012**		
Water backlogs (6KL/month)	Required	Budgeted	Actual	required	budgeted	Actual
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	34266	4226	1468	83784	23971	5063
Backlogs to be eliminated (%: total HH identified as backlog/total number of HH in the municipality	34.00%	4.00%	1.00%	46.95%	13.43%	2.84%
Spending on new infrastructure to eliminate backlogs (R000)	2.9	69	69	2,900,000,000	171,918,000	171,918,000
Spending on renewal of existing infrastructure to eliminate backlog (R000)	0	0	0	0	0	0
Total spending to eliminate backlogs (R000)	2.9	69	69	2,900,000,000	308,146,000	308,146,000
Spending on maintenance to ensure no new backlogs (R000)				60,000,000.00	47,400,000.00	47,400,000.00
Electricity backlogs (30KWH/month)						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality						
Spending on new infrastructure to eliminate backlogs (R000)						
Spending on renewal of existing infrastructure to eliminate backlog (R000)						
Total spending to eliminate backlogs (R000)						
Spending on maintenance to						

ensure no new backlogs (R000)						
Sanitation backlogs						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	43518	8400	9800	97789	30050	18360
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality	0.43	0.08	0.1	54.80%	16.84%	10.29%
Spending on new infrastructure to eliminate backlogs (R000)	R617m	61	77	665,528,500	190,979,263	190,979,263
Spending on renewal of existing infrastructure to eliminate backlog (R000)					0	0
Total spending to eliminate backlogs (R000)	R631m	R54m	R54m	665,528,500	190,979,263	190,979,263
Spending on maintenance to ensure no new backlogs (R000)						
Road maintenance backlogs						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality						
Spending on new infrastructure to eliminate backlogs (R000)						
Spending on renewal of existing infrastructure to eliminate backlog (R000)						
Total spending to eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)						
Refuse removal						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	1					
Backlogs to be eliminated (%: total HH identified as	1					

backlog/total numb of HH in the municipality						
Spending on new infrastructure to eliminate backlogs (R000)	0					
Spending on renewal of existing infrastructure to eliminate backlog (R000)	0					
Total spending to eliminate backlogs (R000)	R195 000.00					
Spending on maintenance to ensure no new backlogs (R000)	0					
Housing and town planning						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality						
Spending on new infrastructure to eliminate backlogs (R000)						
Spending on renewal of existing infrastructure to eliminate backlog (R000)						
Total spending to eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)						

CHAPTER 3: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)

3.1 LED STRATEGY/PLAN

The municipality has in place a draft LED Strategy, Tourism and SMME Sector Plan. Development of these plans is currently underway, where various consultations have been undertaken to inform the final draft LED Strategy and related sector plans. It is anticipated each plan will submitted to council for adoption.

The LED Section within the municipality currently has the positions:

Position	***Status***
Senior Manager: Local Economic Development and Planning	No
Manager: Local Economic Development	Filled
Assistant Manager: Local Economic Development	Filled
Coordinator: Local Economic Development	Vacant
LED Officers (4)	Vacant
LED Interns	Filled with 3 candidates

As a result of majority of positions within the LED Unit being filled, there exists a fair indication in terms of the availability of LED capacity and expertise. A large proportion of personnel employed in these positions hold related qualifications and expertise related to the field of LED.

The District Support Team which is a form of integovernmental structure for LED has held 3 DST meetings during the 2012/13 financial year. The structure currently has in place Terms of Reference and a Work Plan in place to guide its activities in a given year.

During the 2011/12, the municipality received grant funding for LED Capacity equivalent to R371, 0245.00. The funding was used to employ LED Assistants/LED Interns.

In light of the background provided in terms of the status for LED within ANDM it is further relevant to elaborate on the approach that the ANDM has employed to facilitate the implementation of LED. Currently, the District has in place a Planning and Economic Development Department which is responsible for planning and a development agency- Alfred Nzo Development Agency which is responsible for implementation of all LED programmes and initiatives. As a result of this approach the District is not able to provide elaborative feedback in terms direct LED implementation and support.

Furthermore it is worth noting that during the 2011/12 Financial Year, ANDM LED Unit has very limited internal capacity to undertake and drive LED. The entire LED Unit had one personnel to undertake all LED programmes.

3.3 Annual performance as per key performance indicators in LED

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Percentage of LED Budget spent on LED related activities.			
2	Number of LED stakeholder forum held	4	2	50%
3	Percentage of SMME that have benefited from a SMME support program	N/A	N/A	N/A
4	Number of job opportunities created through EPWP	N/A	N/A	N/A
5	Number of job opportunities created through PPP	N/A	N/A	N/A

4 Challenges regarding LED strategy implementation

The LED Unit within ANDM is faced with a number of challenges as stipulated below:

Challenge	*Proposed remedies*
Limited available financial and technical resources available for the implementation of LED in ANDM	ANDM has planned and budgeted for the recruitment of additional personnel as indicated in the organogram of the municipality.
Limited internal and external capacity to access financial and technical resources	The ANDM has planned to undergo business plan development training, furthermore the District will partner with relevant institutions

	in order to enhance capacity to access support for LED projects.
Poor linkages between ANDM and Alfred Nzo Development Agency, where ANDM undertakes planning and ANDA is responsible for implementation	Through various mechanism the District is in the process of trying to strengthen linkages between ANDM and ANDA

ALFRED NZO DISTRICT MUNICIPALITY

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2012

GENERAL INFORMATION

Municipality:

EXECUTIVE MAYOR

E.N. Diko

SPEAKER

M.M. Twabu

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Speaker
Chief Whip	S. Mehlomakhulu
Councillors: P.B. Mabengu	B.N. Tobo
B.B. Maningi	M.M. Gqola L. Ntantini

GRADING OF THE LOCAL AUTHORITY

Grade 4

AUDITORS

External – Auditor General Internal – Internal Unit

PRIMARY BANKER

First National Bank Limited

REGISTERED OFFICE

Erf 1400 Ntsizwa Street Mount Ayliff 4735	Private Bag X511 Mount Ayliff 4735
Telephone: (039) 254-5000 E-Mail: moyom@andm.gov.za Website: http://www.andm.gov.za	Facsimile: (039) 254-0343

MUNICIPAL MANAGER

M. Moyo

CHIEF FINANCIAL OFFICER

M. Mkatu

GENERAL INFORMATION (continued)

Entity:

Chief Executive Officer N.S.N. Bam

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Consolidated Annual Financial Statements, which are set out on pages 8 to 140, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the municipality.

These Consolidated Annual Financial Statements will be presented to the Council for information during October 2012.

_____
M MOYO
MUNICIPAL MANAGER
28 September 2012

_____
M MKATU
CHIEF FINANCIAL OFFICER
28 September 2012

ALFRED NZO DISTRICT MUNICIPALITY

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2012

MEMBERS OF THE COUNCIL

COUNCILLORS		PROPORTIONAL COUNCILLORS	
E N Diko	ANC	N E Cengimbo	ANC
M M Twabo	ANC	N C Lwana	ANC
S Mehlomakhulu	ANC	S B Macuphe	ANC
P B Mabengu	ANC	T Maphasa	ANC
B B Maningi	ANC	A Maquthu	ANC
L Ntantini	ANC	B Matshoba	ANC
B N Tobo	ANC	N N Mhlelembana	ANC
M M Gqola	ANC	Z Mhlwazi	ANC
A Z Gwebani	ANC	N Mpompoza-Ruleni	ANC
D Lugayeni	ANC	J Z Munyu	ANC
U G Makanda	ANC	N B Nkomo	ANC
V N S Mdingazwe	ANC	N A Nkukhu	ANC
S K Mnukwa	ANC	P Nyangane	ANC
F N Ngonyolo	ANC	N S Pikwa	ANC
M M Mpepanduku	ANC	V C Sigalelana	ANC
N Voyi	ANC	S Silo	ANC
A Mbizafa	AIC	N E Kotelana	AIC
A Ngconjana	COPE	T H Kango	COPE
B S Mbewu	DA	T Mambi	DA

MEMBERS OF THE COUNCIL (continued)

Entity:

DIRECTORS:

S Mase

F Maqwati

M Mondi

M Mtimkhulu

L Sibanyoni

N Zilwa

CERTIFICATION OF REMUNERATION OF COUNCILLORS

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

_____

M MOYO
MUNICIPAL MANAGER
28 September 2012

ALFRED NZO DISTRICT MUNICIPALITY

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2012

FOREWORD

During the 2011/12 financial year the municipality was under severe pressure to ensure compliance to various changes in legislation and continue with implementation of Generally Recognised Accounting Practice (GRAP) standards. The municipality was however able to meet the challenges set by a changing legislative and accounting environment.

The district municipality, as part of improving service delivery to the community, implemented proper communication channels through the local municipalities that have the Ward Committee and Community Development Workers systems at their disposal.

Although capital projects were limited to those financed from external grant funding the municipality has successfully implemented the projects identified in the Integrated Development Plan / Budget for 2011/12 financial year. The municipality will continue in the 2012/13 financial year to implement uncompleted projects for the previous financial year and those projects identified in the IDP / Budget for the current year.

Service delivery and the eradication of infrastructure backlogs remain a serious concern to all in local government. All role-players must ensure that they work together to overcome the legacy of the past and ensure that we uplift the living conditions of our people.

I hereby wish to thank the members of the Mayoral Committee and Council together with staff for their commitment during the year, ensuring that we meet the set targets for the year.

I thank you.

_____

CLR E N DIKO
EXECUTIVE MAYOR
28 September 2012

ALFRED NZO DISTRICT MUNICIPALITY

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2012

AUDIT REPORT

The 2011/12 Audit Report was not available when the Consolidated Annual Financial Statements were approved and will be attached hereto as Annexure “A” when received after the completion of the statutory audit.

ALFRED NZO DISTRICT MUNICIPALITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

	Note	Municipality		Group	
		2012	2011	2012	2011
		R	R	R	R
ASSETS					
Current Assets		**199 830 053**	**76 634 425**	**207 623 108**	**77 402 499**
Inventories	**2**	4 402 335	1 940 291	4 402 335	1 940 291
Receivables from Exchange Transactions	**4**	27 259 316	16 428 363	27 259 316	16 428 363
Receivables from Non-exchange Transactions	**5**	7 374 184	4 393 418	7 482 410	4 515 439
VAT Receivable	**6**	19 127 261	28 161 546	19 646 262	28 458 480
Cash and Cash Equivalents	**7**	141 473 132	25 322 090	148 638 960	25 671 209
Operating Lease Receivables	**8**	1 274	622	1 274	622
Current Portion of Long-term Receivables	**9**	192 552	388 095	192 552	388 095
Non-Current Assets		**1 050 360 662**	**1 147 095 982**	**1 050 623 544**	**1 147 171 400**
Property, Plant and Equipment	**10**	1 030 458 248	1 129 731 806	1 030 714 505	1 129 793 810
Intangible Assets	**11**	748 307	205 898	755 032	219 412
Heritage Assets	**13**	100 000	100 000	100 000	100 000
Non-current Investments	**14**	18 477 753	16 710 935	18 477 653	16 710 835
Long-term Receivables	**15**	576 354	347 343	576 354	347 343
Total Assets		**1 250 190 715**	**1 223 730 408**	**1 258 246 652**	**1 224 573 900**
LIABILITIES					
Current Liabilities		**73 701 243**	**65 509 947**	**67 469 897**	**62 684 970**
Provisions	**16**	163 902	149 807	163 902	149 807
Payables	**17**	54 090 977	45 669 027	47 859 631	42 844 050
Unspent Conditional Grants and Receipts	**18**	17 974 788	16 723 975	17 974 788	16 723 975
Operating Lease Liabilities	**19**	29 901	4 113	29 901	4 113
Bank Overdraft	**7**	0	71 805	0	71 805
Current Portion of Long-term Liabilities	**20**	1 441 675	2 891 220	1 441 675	2 891 220
Non-Current Liabilities		**31 118 376**	**22 869 385**	**31 118 376**	**22 869 385**
Long-term Liabilities	**20**	29 849 666	21 738 000	29 849 666	21 738 000
Non-current Provisions	**21**	1 268 710	1 131 385	1 268 710	1 131 385
Total Liabilities		**104 819 619**	**88 379 332**	**98 588 273**	**85 554 355**
Total Assets and Liabilities		**1 145 371 096**	**1 135 351 076**	**1 159 658 379**	**1 139 019 545**
NET ASSETS		**1 145 371 096**	**1 135 351 076**	**1 159 658 379**	**1 139 019 545**
Accumulated Surplus / (Deficit)	**22**	1 145 371 096	1 135 351 076	1 159 658 379	1 139 019 545
Total Net Assets		**1 145 371 096**	**1 135 351 076**	**1 159 658 379**	**1 139 019 545**

ALFRED NZO DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

		Municipality		Group	
	Note	2012	2011	2012	2011
		R	R	R	R
REVENUE					
Revenue from Non-exchange Transactions					
Income for Agency Services		26 182	14 213	26 182	14 213
Government Grants and Subsidies Received	**23**	635 679 044	325 875 068	635 679 044	325 875 068
Public Contributions and Donations	**24**	106 579	92 200	106 579	92 200
Revenue from Exchange Transactions					
Service Charges	**25**	15 412 606	14 217 269	15 412 606	14 217 269
Rental of Facilities and Equipment	**26**	235 340	1 053 846	235 340	1 053 846
Interest Earned - External Investments	**27**	11 356 512	9 549 692	11 409 261	9 566 341
Interest Earned - Outstanding Debtors	**27**	97	21 414	97	21 414
Other Revenue	**28**	4 895 680	(121 621)	4 895 680	(121 621)
Total Revenue		**667 712 041**	**350 702 081**	**667 764 790**	**350 718 730**
EXPENDITURE					
Employee Related Costs	**29**	92 253 506	67 180 235	93 786 596	67 319 359
Remuneration of Councillors	**30**	5 991 305	2 024 982	6 013 332	2 151 727
Depreciation and Amortisation	**31**	31 229 387	30 272 662	31 279 641	30 287 679
Impairment Losses	**32**	13 698	6 337 795	13 698	6 337 795
Repairs and Maintenance		18 824 099	17 861 497	18 873 151	17 861 497
Finance Costs	**33**	2 201 958	2 026 592	2 289 471	2 026 592
Bulk Purchases	**34**	2 066 953	6 205 725	2 066 953	6 205 725
Contracted Services	**35**	61 696 949	25 856 967	62 202 623	27 011 441
Grants and Subsidies Paid	**36**	379 895 133	23 627 014	364 614 561	16 608 518
General Expenses	**37**	63 519 033	38 144 727	65 454 945	40 174 202
Total Expenditure		**657 692 020**	**219 538 197**	**646 594 970**	**215 984 536**
SURPLUS / (DEFICIT) FOR THE YEAR		**10 020 020**	**131 163 884**	**21 169 819**	**134 734 194**
Refer to Appendix E(1) for explanation of budget variances		0.00		0.00	

ALFRED NZO DISTRICT MUNICIPALITY

MUNICIPALITY - STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

Description	Revaluation Reserve	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R	R
2011			
Balance at 30 June 2010	-	991 822 587	991 822 587
Change in Accounting Policy (Note 39)		4 658 726	4 658 726
Correction of Error (Note 40)	-	7 705 878	7 705 878
Restated Balance	**-**	**1 004 187 191**	**1 004 187 191**
Surplus / (Deficit) for the year		131 163 884	131 163 884
Contributions to Funds and Reserves		-	-
Interest allocated to Funds and Reserves		-	-
Donated / Contributed PPE		-	-
Grants utilised to obtain PPE		-	-
Funds and Reserves utilised to finance PPE		14 513 607	14 513 607
Asset disposals		(14 513 607)	(14 513 607)
Offsetting of Depreciation	-	-	-
Balance at 30 June 2011	**-**	**1 135 351 076**	**1 135 351 076**
2012			
Change in Accounting Policy (Note 39)		-	-
Correction of Error (Note 40)		-	-
Restated Balance	**-**	**1 135 351 076**	**1 135 351 076**
Surplus / (Deficit) for the year		10 020 020	10 020 020
Contributions to Funds and Reserves		-	-
Interest allocated to Funds and Reserves		-	-
Donated / Contributed PPE		-	-
Grants utilised to obtain PPE		-	-
Funds and Reserves utilised to finance PPE		350 190 868	350 190 868
Asset disposals		(350 190 868)	(350 190 868)
Offsetting of Depreciation	-	-	-
Balance at 30 June 2012	**-**	**1 145 371 096**	**1 145 371 096**
	-	-	-

ALFRED NZO DISTRICT MUNICIPALITY

GROUP - STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

Description	Revaluation Reserve	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R	R
2011			
Balance at 30 June 2010	-	991 986 125	991 986 125
Change in Accounting Policy (Note 39)		4 593 347	4 593 347
Correction of Error (Note 40)	-	7 705 878	7 705 878
Restated Balance	**-**	**1 004 285 350**	**1 004 285 350**
Surplus / (Deficit) for the year		134 734 194	134 734 194
Contributions to Funds and Reserves	-	-	-
Interest allocated to Funds and Reserves	-	-	-
Donated / Contributed PPE	-	-	-
Grants utilised to obtain PPE	-	-	-
Funds and Reserves utilised to finance PPE	-	14 513 607	14 513 607
Asset disposals	-	(14 513 607)	(14 513 607)
Offsetting of Depreciation	-	-	-
Balance at 30 June 2011	**-**	**1 139 019 545**	**1 139 019 545**
2012			
Re-allocation of Prior Year Expenditure		(530 985)	(530 985)
Change in Accounting Policy (Note 39)		-	-
Correction of Error (Note 40)		-	-
Restated Balance	**-**	**1 138 488 560**	**1 138 488 560**
Surplus / (Deficit) for the year		21 169 819	21 169 819
Contributions to Funds and Reserves	-	-	-
Interest allocated to Funds and Reserves	-	-	-
Donated / Contributed PPE	-	-	-
Grants utilised to obtain PPE	-	-	-
Funds and Reserves utilised to finance PPE	-	350 190 868	350 190 868
Asset disposals	-	(350 190 868)	(350 190 868)
Offsetting of Depreciation	-	-	-
Balance at 30 June 2012	**-**	**1 159 658 379**	**1 159 658 379**
	-	-	-

Details on the movement of the Funds and Reserves are set out in Note 22.

ALFRED NZO DISTRICT MUNICIPALITY

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Note	Municipality 2012 R	Municipality 2011 R	Group 2012 R	Group 2011 R
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Grants	**23**	634 428 231	342 723 787	634 428 231	342 723 787
Public Contributions and Donations	**24**	106 579	92 200	106 579	92 200
Service Charges	**25**	4 567 955	8 365 319	4 567 955	8 365 319
Interest Received	**27**	11 356 512	9 549 692	11 409 261	9 566 341
Other Receipts		13 711 793	(36 525 222)	13 503 521	(36 944 176)
Payments					
Employee Related Costs	**29**	(92 102 086)	(67 144 162)	(93 635 176)	(67 283 286)
Remuneration of Councillors	**30**	(5 991 305)	(2 024 982)	(6 013 332)	(2 151 727)
Interest Paid	**33**	(2 201 958)	(2 026 592)	(2 289 471)	(2 026 592)
Suppliers Paid		(74 166 050)	(39 520 848)	(78 127 145)	(43 424 504)
Other Payments		(95 464 012)	(51 750 143)	(82 650 337)	(46 826 501)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**394 245 659**	**161 739 049**	**401 300 086**	**162 090 861**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment	**10**	(281 948 633)	(162 201 252)	(282 186 351)	(162 229 228)
Purchase of Intangible Assets	**11**	(740 472)	(74 700)	(740 472)	(85 226)
Decrease / (Increase) in Non-current Investments	**14**	(1 766 818)	(1 597 900)	(1 766 818)	(1 597 900)
Decrease / (Increase) in Long-term Receivables	**15**	(229 010)	(97 426)	(229 010)	(97 426)
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**(284 684 934)**	**(163 971 278)**	**(284 922 652)**	**(164 009 780)**
CASH FLOWS FROM FINANCING ACTIVITIES					
New Loans raised	**19**	7 993 492	-	7 993 492	-
Loans repaid	**19**	(1 331 371)	(911 235)	(1 331 371)	(911 235)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**6 662 121**	**(911 235)**	**6 662 121**	**(911 235)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**116 222 847**	**(3 143 464)**	**123 039 556**	**(2 830 154)**
Cash and Cash Equivalents at the beginning of the year	**7**	25 250 285	28 393 749	25 599 404	28 429 558
Cash and Cash Equivalents at the end of the year	**7**	141 473 132	25 250 285	148 638 960	25 599 404

ALFRED NZO DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an *Accrual Basis* of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

These Annual Financial Statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Principles (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No 56 of 2003).

1.1 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2010 and 30 June 2011 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out in the relevant Notes to the Annual Financial Statements.

The municipality changes an Accounting Policy only if the change:

(a) Is required by a Standard of GRAP; or

(b) Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the municipality's financial position, financial performance or cash flow.

1.2 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1. BASIS OF PRESENTATION (continued)

1.2 Critical Judgements, Estimations and Assumptions (continued)

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.2.1 Revenue Recognition

Accounting Policy 10.2 on *Revenue from Exchange Transactions* and Accounting Policy 10.3 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GAMAP 9 (*Revenue*) as far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.2.2 Financial Assets and Liabilities

The classification of Financial Assets and Liabilities, into categories, is based on judgement by management. Accounting Policy 6.1 on *Financial Assets Classification* and Accounting Policy 6.2 on *Financial Liabilities Classification* describe the factors and criteria considered by the management of the municipality in the classification of Financial Assets and Liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of Financial Instruments as set out in IAS 32 (*Financial Instruments – Presentation*) and IAS 39 (*Financial Instruments – Recognition and Measurement*).

1.2.3 Impairment of Financial Assets

Accounting Policy 6.4 on *Impairment of Financial Assets* describes the process followed to determine the value by which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of Financial Assets as set out in IAS 39 (*Financial Instruments - Recognition and Measurement*) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

1. BASIS OF PRESENTATION (continued)

1.2 Critical Judgements, Estimations and Assumptions (continued)

1.2.3 Impairment of Financial Assets (continued)

- Impairment of Trade Receivables:
  The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

  There were no increases in estimation of the impairment of Receivables from Exchange Transactions and of Receivables from Non-exchange Transactions.

1.2.4 Useful lives of Property, Plant and Equipment, Investment Property and Intangible Assets

As described in Accounting Policies 3.3 and 4.2, the municipality depreciates / amortises its Property, Plant and Equipment, Investment Property and Intangible Assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.2.5 Impairment: Write-down of Property, Plant and Equipment, and Inventories

Accounting Policy 6 on *Impairment of Assets* and Accounting Policy 8.2 on *Inventory – Subsequent Measurement* describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of PPE, impairment testing of Intangible Assets and write-down of Inventories to the lowest of Cost and Net Realisable Values (NRV).

1. BASIS OF PRESENTATION (continued)

1.2 Critical Judgements, Estimations and Assumptions (continued)

1.2.5 Impairment: Write-down of Property, Plant and Equipment and Inventories (continued)

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21 (*Impairment of Cash Generating Assets*) and GRAP 26 (*Impairment of Non-cash Generating Assets*). In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the NRV for Inventories involves significant judgment by management.

During the year no impairments were made to Property, Plant and Equipment, Intangible Assets or Inventory.

1.2.6 Water Inventory

The estimation of the Water Inventory in reservoirs is based on the measurement of water, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Refer to Accounting Policy, paragraph 8.2.2.

1.2.7 Defined Benefit Plan Liabilities

As described in Accounting Policy 12.2, *Employee Benefits – Post-employment Benefits,* the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes to the Annual Financial Statements.

1.2.8 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.2.9 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 5% deviation exists. All material differences are explained in Notes to the Annual Financial Statements.

1. BASIS OF PRESENTATION (continued)

1.3 Controlled Entities

Controlled Entities are entities, including special purpose entities, over which the municipality has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the municipality controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the municipality. They are de-consolidated from the date on which control ceases. Controlled Entities are identified after evaluation of power and benefit indicators as described in GRAP 6.

Inter-entity transactions, balances and unrealised gains on transactions between Municipality and the subsidiary are eliminated.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Municipality.

1.4 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.5 Going Concern Assumption

The Annual Financial Statements have been prepared on a *Going Concern Basis*.

1.6 Offsetting

Assets, Liabilities, Revenues and Expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.7 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP standard has been issued but is not yet effective and has been early adopted by the municipality:

- GRAP 104 Financial Instruments - issued October 2009

GRAP 104 will be effective for the period starting after 1 April 2012. The municipality elected to adopt the standard during the 2011/12 financial year.

1. BASIS OF PRESENTATION (continued)

1.7 Standards, Amendments to Standards and Interpretations Issued but not yet Effective (continued)

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 20 Related Party Disclosures - revised
- GRAP 21 Impairment of Non-cash-generating Assets - issued March 2009
- GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
- GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
- GRAP 25 Employee Benefits - issued December 2009
- GRAP 26 Impairment of Cash-generating Assets - issued March 2009
- GRAP 103 Heritage Assets - issued July 2008
- GRAP 105 Transfers between Entities under common control - issued November 2010
- GRAP 106 Transfers between Entities not under common control - issued November 2010
- GRAP 107 Mergers - issued November 2010

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance, who announced that the application of GRAP 21, GRAP 23, GRAP 24, GRAP 26 and GRAP 103 will be effective for the period starting after 1 April 2012. All other standards as listed above will only be effective when a date is announced by the Minister of Finance. This date is not currently available.

The ASB Directive 5, paragraph 29, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on *Accounting Policies, Changes in Accounting Estimates and Errors*.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued but is not yet in effect, the municipality may select to apply the principles established in that standard in developing an appropriate Accounting Policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

1. BASIS OF PRESENTATION (continued)

1.7 Standards, Amendments to Standards and Interpretations Issued but not yet Effective (continued)

The municipality applied the principles established in the following Standards of GRAP that have been issued but are not yet effective, in developing appropriate Accounting Policies dealing with the following transactions, but have not early adopted these Standards:

- Impairment of Non-cash-generating Assets (GRAP 21 - issued March 2009)
- Revenue from Non-Exchange Transactions (GRAP 23 - issued February 2008)
- Impairment of Cash-generating Assets (GRAP 26 - issued March 2009)
- Financial Instruments (GRAP 104 - issued October 2009)

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

2. ACCUMULATED SURPLUS

Included in the Accumulated Surplus of the municipality are the following Reserves that are maintained in terms of specific requirements:

2.1 Capital Replacement Reserve (CRR)

In order to finance the provision of Infrastructure and other items of Property, Plant and Equipment from internal sources, amounts are transferred from the Accumulated Surplus/(Deficit) to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the Investment Policy of the municipality.
- The CRR may only be utilised for the purpose of purchasing items of Property, Plant and Equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in the Statement of Financial Performance and is then transferred, via the Statement of Changes in Net Assets, to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

2. ACCUMULATED SURPLUS (continued)

2.2 Capitalisation Reserve

On the implementation of GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of Property, Plant and Equipment were transferred to a Capitalisation Reserve rather than the Accumulated Surplus/(Deficit) in terms of a directive (Circular No 18) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of Property, Plant and Equipment are offset by transfers from this Reserve to the Accumulated Surplus/(Deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of Property, Plant and Equipment financed from the former legislated funds. When items of Property, Plant and Equipment are depreciated, a transfer is made from the Capitalisation Reserve to the Accumulated Surplus/(Deficit).

When an item of Property, Plant and Equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the Accumulated Surplus/(Deficit).

2.3 Donations and Public Contributions Reserve

When items of Property, Plant and Equipment are financed from public contributions and donations, a transfer is made from the Accumulated Surplus/(Deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (Circular No 18) issued by National Treasury. When such items of Property, Plant and Equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the Accumulated Surplus/(Deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of Property, Plant and Equipment financed from donations and public contributions.

When an item of Property, Plant and Equipment financed from donations and public contributions is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the Accumulated Surplus/(Deficit).

2. ACCUMULATED SURPLUS (continued)

2.4 Government Grants Reserve

When items of Property, Plant and Equipment are financed from government grants, a transfer is made from the Accumulated Surplus/(Deficit) to the Government Grants Reserve equal to the government grants recorded as revenue in the Statement of Financial Performance in accordance with a directive (Circular No 18) issued by National Treasury. When such items of Property, Plant and Equipment are depreciated, a transfer is made from the Government Grants Reserve to the Accumulated Surplus/(Deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of Property, Plant and Equipment financed from government grants.

When an item of Property, Plant and Equipment financed from government grants is disposed, the balance in the Government Grants Reserve relating to such item is transferred to the Accumulated Surplus/(Deficit).

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Initial Recognition

Property, Plant and Equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of Property, Plant and Equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, Plant and Equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grants or donations, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Property, Plant and Equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.1 Initial Recognition (continued)

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of Property, Plant and Equipment acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as Property, Plant and Equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of Property, Plant and Equipment, they are accounted for as Property, Plant and Equipment.

3.2 Subsequent Measurement

Subsequent expenditure relating to Property, Plant and Equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Property Plant and Equipment are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of Property, Plant and Equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

3.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the *Straight-line Method*, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.3 Depreciation (continued)

Depreciation only commences when the asset is available for use, unless stated otherwise. The depreciation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
Buildings		**Other**	
Improvements	5 - 30	Bins and Containers	5 - 15
		Computer Equipment	3 - 10
Infrastructure		Emergency Equipment	3 - 10
Sewerage	7 - 60	Furniture and Fittings	3 - 15
Water	5 - 100	Motor Vehicles	4 - 15
		Office Equipment	3 - 15
Community		Plant and Equipment	2 - 15
Community Facilities	5 - 30	Specialist Vehicles	10 - 15
Recreational Facilities	10 - 30	Other Assets	25 - 30

The assets' residual values, estimated useful lives and depreciation method are reviewed annually and adjusted prospectively, if appropriate, at each reporting date.

3.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

3.5 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure Assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure Assets are treated similarly to all other assets of the municipality in terms of the Asset Management Policy.

3.6 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

3.7 Derecognition of Property, Plant and Equipment

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.7 Derecognition of Property, Plant and Equipment (continued)

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from disposals are included in the Statement of Financial Performance as a gain or loss on disposal of Property, Plant and Equipment.

4. INTANGIBLE ASSETS

4.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets. The municipality recognises an Intangible Asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated Intangible Assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as Intangible Assets when the following criteria are fulfilled:

- It is technically feasible to complete the Intangible Asset so that it will be available for use;
- Management intends to complete the Intangible Asset and use or sell it;
- There is an ability to use or sell the Intangible Asset;
- It can be demonstrated how the Intangible Asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the Intangible Asset are available; and
- The expenditure attributable to the Intangible Asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is ready for use on a *Straight-line Basis* over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with GRAP 21 / GRAP 26.

4. INTANGIBLE ASSETS (continued)

4.1 Initial Recognition (continued)

Intangible Assets are initially recognised at cost. The cost of an Intangible Asset is the purchase price and other costs attributable to bring the Intangible Asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an Intangible Asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible Assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

4.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an Intangible Asset at a later date.

In terms of GRAP 102, Intangible Assets are distinguished between internally generated Intangible Assets and other Intangible Assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a *Straight-line Basis* over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

Amortisation only commences when the asset is available for use, unless stated otherwise. The amortisation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
Computer Software	2 - 5		

4. INTANGIBLE ASSETS (continued)

4.2 Subsequent Measurement, Amortisation and Impairment (continued)

Intangible Assets are annually tested for impairment, including Intangible Assets not yet available for use. Where items of Intangible Assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable service amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a Change in Accounting Estimate in the Statement of Financial Performance.

4.3 Derecognition

Intangible Assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an Intangible Asset is determined as the difference between the proceeds of disposal and the carrying value and is recognised in the Statement of Financial Performance.

5. HERITAGE ASSETS

Heritage Assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

5.1 Initial Recognition

The cost of an item of Heritage Assets is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage Assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Heritage Assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

5. HERITAGE ASSETS (continued)

5.1 Initial Recognition (continued)

The cost of an item of Heritage Assets acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

5.2 Subsequent Measurement

Subsequent expenditure relating to Heritage Assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

5.3 Derecognition

The carrying amount of an item of Heritage Assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Heritage Assets is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of Heritage Assets.

5.4 Transitional Provisions

The municipality utilised the transitional provisions under Directive 4, which allows 3 year for the measurement of Heritage Assets.

6. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as *Cash Generating Assets*. All other assets are classified as *Non-cash Generating Assets*.

6. IMPAIRMENT OF ASSETS (continued)

6.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

6. IMPAIRMENT OF ASSETS (continued)

6.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

7. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities* or *Residual Interests* in accordance with the substance of the contractual agreement.

Initial Recognition
Financial Assets and Financial Liabilities are recognised on the municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions
The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Effective Interest Rate Method
The Effective Interest Method is a method of calculating the amortised cost of a Financial Asset or a Financial Liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the Financial Instrument or, when appropriate, a shorter period to the net carrying amount of the Financial Asset or Financial Liability.

Amortised Cost
Amortised Cost is the amount at which the Financial Asset or Financial Liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation, using the *Effective Interest Rate Method* of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

7.1 Financial Assets – Classification

A Financial Asset is any asset that is a cash or contractual right to receive cash.

In accordance with GRAP 104 the *Financial Assets* of the municipality are classified as follows into the three categories allowed by this standard:

- **Financial Assets at Amortised Cost** are non-derivative Financial Assets with fixed or determinable payments that are not quoted in an active market. They are included in Current Assets, except for maturities greater than 12 months, which are classified as Non-current Assets. Financial Assets at Amortised Cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. After initial recognition, Financial Assets are measured at amortised cost, using the *Effective Interest Rate Method* less a provision for impairment.

- **Financial Assets at Fair Value** are financial assets that meet either of the following conditions:
  (i) Derivatives;
  (ii) Combined instruments that are designated at fair value;
  (iii) Instruments held for trading;
  (iv) Non-derivative Financial Instruments with fixed or determinable payments that are designated at fair value at initial recognition; or
  (v) Financial Instruments that do not meet the definition of Financial Instruments at Amortised Cost or Financial Instruments at Cost.

- **Financial Assets at Cost** are investments in residual Interest that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

The municipality may have the following types of Financial Assets as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Unlisted Investments (Stock)	Financial Assets at Amortised Cost
Investments in Fixed Deposits	Financial Assets at Amortised Cost
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Notice Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Fair Value
Bank, Cash and Cash Equivalents	Financial Assets at Fair Value

7. FINANCIAL INSTRUMENTS (continued)

7.1 Financial Assets – Classification (continued)

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). Cash Equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts. The municipality categorises Cash and Cash Equivalents as Financial Assets at Fair Value.

7.2 Financial Liabilities – Classification

A Financial Liability is a contractual obligation to deliver cash or another Financial Assets to another entity.

There are three main categories of *Financial Liabilities*, the classification determining how they are measured. Financial Liabilities may be measured at:
(i) Financial Liabilities measured at Fair Value;
(ii) Financial Liabilities measured at Amortised Cost; or
(iii) Financial Liabilities measured at Cost.

The municipality may have the following types of Financial Liabilities as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Liabilities	Financial Liabilities at Amortised Cost
Creditors	Financial Liabilities at Amortised Cost
Current portion of Long-term Liabilities	Financial Liabilities at Amortised Cost
Bank Overdraft	Financial Liabilities at Fair Value

Financial Liabilities that are measured at Fair Value are Financial Liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of Financial Instruments where there is recent actual evidence of short-term profiteering or are derivatives).

Bank Overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

7. FINANCIAL INSTRUMENTS (continued)

7.3 Initial and Subsequent Measurement

7.3.1 Financial Assets:

Financial Assets measured at Amortised Cost
Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the *Effective Interest Method* less any impairment, with interest recognised on an *Effective Yield Basis*.

Trade and Other Receivables (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as *Financial Assets at Amortised Cost*.

Financial Assets measured at Fair Value
Financial Assets at Fair Value are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the Statement of Financial Performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the Statement of Financial Performance.

7.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value
Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Financial Liabilities held at Amortised Cost
Any other Financial Liabilities are classified as *Other Financial Liabilities* (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the *Effective Interest Rate Method*. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Bank Borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the *Accrual Basis* and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

7. FINANCIAL INSTRUMENTS (continued)

7.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

7.4.1 Financial Assets at Amortised Cost

Accounts Receivables encompass Long-term Debtors, Receivables from Exchange Transactions (Consumer Debtors) and Receivables from Non-exchange Transactions (Other Debtors).

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the *Effective Interest Rate Method*. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

7. FINANCIAL INSTRUMENTS (continued)

7.4.2 Financial Assets at Cost

If there is objective evidence that an impairment loss has been incurred on an investment in a Residual Interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the Financial Asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

7.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

7.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

8. INVENTORIES

8.1 Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

8. INVENTORIES (continued)

8.1 Initial Recognition (continued)

Where Inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

8.2 Subsequent Measurement

8.2.1 Consumable Stores, Raw Materials, Work-in-Progress and Finished Goods:

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value (net amount that the municipality expects to realise from the sale on Inventory in the ordinary course of business). In general, the basis of determining cost is the weighted average cost of commodities. If Inventories are to be distributed at no charge or for a nominal charge, they are valued at the lower of cost and current replacement cost.

8.2.2 Water Inventory:

Water is regarded as Inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the *FIFO Method*, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

8.2.3 Unsold Properties:

Unsold properties are valued at the lower of cost and net realisable value on a *Weighted Average Cost Basis*. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

8. INVENTORIES (continued)

8.2 Subsequent Measurement (continued)

8.2.4 Other Arrangements:

Redundant and slow-moving Inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such Inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of Inventories is recognised as an expense in the period that the Inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

9. NON-CURRENT ASSETS HELD-FOR-SALE

9.1 Initial Recognition

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

9.2 Subsequent Measurement

Non-current Assets and Disposal Groups classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held-for-sale, or while it is part of a disposal group classified as held-for-sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale are recognised in surplus or deficit.

The gain or loss on the eventual sale of non-current assets held-for-sale is included in the Statement of Financial Performance as gain or loss on sale of assets. The gain or loss on the eventual sale of non-current assets held-for-sale is calculated on the difference between the net disposal proceeds and the carrying amount of the individual asset or the disposal group.

10. REVENUE RECOGNITION

10.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service potential will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below, except when specifically stated otherwise. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from *Exchange Transactions* refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from *Non-exchange Transactions* refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

10. REVENUE RECOGNITION (continued)

10.2 Revenue from Exchange Transactions

10.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service Charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to sewerage are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

10.2.2 Prepaid Water

Revenue from the sale of water prepaid meter cards are recognised at the point of sale. Revenue from the sale of water prepaid meter cards made seven days before year-end are recognised as an unutilised portion based on an estimate of the prepaid water consumed as at the reporting date.

10.2.3 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a *Straight-line Basis* over the term of the lease agreement.

10. REVENUE RECOGNITION (continued)

10.2 Revenue from Exchange Transactions (continued)

10.2.4 Finance Income

Interest earned on investments is recognised in the Statement of Financial Performance on the *Time-proportionate Basis* that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on Trust Funds is allocated directly to the fund.
- Interest earned on Unspent Conditional Grants is allocated directly to the Creditor: Unspent Conditional Grants, if the grant conditions indicate that interest is payable to the funder.

10.2.5 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

10.2.6 Sale of Goods

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

10. REVENUE RECOGNITION (continued)

10.3 Revenue from Non-exchange Transactions

An inflow of resources from a *Non-exchange Transaction*, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a *Non-exchange Transaction* that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

10.3.1 Public Contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired from non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

10. REVENUE RECOGNITION (continued)

10.3 Revenue from Non-exchange Transactions (continued)

10.3.2 Government Grants and Receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

10.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

11. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

12. EMPLOYEE BENEFITS

12.1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

12.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

12.2.1 Defined Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

12. EMPLOYEE BENEFITS (continued)

12.2.2 Defined Benefit Plans

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

Long-service Allowance:
The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. *The Projected Unit Credit Method* is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

Provincially-administered Defined Benefit Plans:
The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the *Projected Unit Credit Method* basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities

Defined Benefit Pension Plans:
The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the *Projected Unit Credit Method*. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

12. EMPLOYEE BENEFITS (continued)

12.2 Post-employment Benefits (continued)

12.2.2 Defined Benefit Plans (continued)

Actuarial gains or losses are accounted for using the *Corridor Method*. Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a *Straight-line Basis* over the vesting period.

13. LEASES

13.1 Classification

Leases are classified as **Finance Leases** where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as **Operating Leases**.

13.2 The Municipality as Lessee

13.2.1 Operating Leases

The municipality recognises operating lease rentals as an expense in the Statement of Financial Performance on a *Straight-line Basis* over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a *Straight-line Basis*, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

13. LEASES (continued)

13.3 The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental revenue is recognised on a *Straight-line Basis* over the term of the relevant lease.

14. BORROWING COSTS

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised retrospectively as an expense in the Statement of Financial Performance for the financial year ending 30 June 2011 in accordance with the requirements of GRAP 5 and ASB Directive 4.

To the extent that the municipality borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the municipality shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

The municipality ceases the capitalisation of borrowing costs when substantially all the activities necessary to prepare the qualifying assets for its intended use have been completed.

Where the construction of the qualifying asset is completed in parts and each part is capable of being used while construction continues on other parts, the municipality shall cease capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part.

15. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

16. VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the *Payments Basis* in accordance with section15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

The Entity accounts for Value Added Tax on the *Invoice Basis* in accordance with section15(1) of the Value-Added Tax Act (Act No 89 of 1991).

17. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

18. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

19. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

21. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in Accounting Policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Changes in Accounting Policies are disclosed in the Notes to the Annual Financial Statements where applicable.

Changes in Accounting Estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the Annual Financial Statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Correction of Errors are disclosed in the Notes to the Annual Financial Statements where applicable.

22. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

23. COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements.
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

24. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

25. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

26. COMPARATIVE INFORMATION

26.1 Current year comparatives:

In accordance with GRAP 1 Budgeted Amounts have been provided and forms part of the Annual Financial Statements.

26.2 Prior year comparatives:

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

26.3 Budget Information:

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan.

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

1. GENERAL INFORMATION

Alfred Nzo District Municipality (the municipality) is a local government institution in Mount Ayliff, Eastern Cape, and and has 4 local municipalities under its jurisdiction. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by The Constitution.

Alfred Nzo Development Agency (Pty) Ltd is a municipal entity in Mount Ayliff, Eastern Cape. The addresses of its registered office and principal place of business are disclosed in the introduction and overview of the Annual Report. The principal activities of the entity are disclosed in the Annual Report.

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a medium capacity municipality and must comply with GRAP by 30 June 2009. The municipality, however, took advantage of the transitional provisions in Directive 4 from the Accounting Standards Board and had to comply fully with GRAP by 30 June 2011.

2. INVENTORIES

Consumable Stores - at cost	2 966 802	979 517	2 966 802	979 517
Water - at cost	1 435 533	960 774	1 435 533	960 774
Total Inventories	**4 402 335**	**1 940 291**	**4 402 335**	**1 940 291**

Inventories are held for own use with the result that no write downs of Inventory to Net Realisable Value are required.

No Inventories have been pledged as collateral for Liabilities of the municipality.

3. NON-CURRENT ASSETS HELD-FOR-SALE

No Non-current Assets are held for disposal.

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Municipality / Group:

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2012			
Service Debtors:	44 132 475	16 873 033	27 259 441
Sewerage	4 554 363	1 577 237	2 977 126
Water	39 578 112	15 295 796	24 282 316
Other Trade	(125)	-	(125)
Total Receivables from Exchange Transactions	**44 132 349**	**16 873 033**	**27 259 316**

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2011			
Service Debtors:	32 680 468	16 859 335	15 821 133
Sewerage	2 504 880	1 563 539	941 341
Water	30 175 587	15 295 796	14 879 791
Other Trade	607 231	-	607 231
Total Receivables from Exchange Transactions	**33 287 698**	**16 859 335**	**16 428 363**

Receivables from Exchange Transactions are billed monthly, latest end of month. The Credit Control Policy states that the average credit period for Trade Receivables is 30 days. No interest and collection fees are charged on Trade Receivables. The municipality enforces its approved Credit Control Policy to ensure the recovery of Trade Receivables.

The municipality receives applications that it processes. No Deposits are required to be paid for all water accounts opened. There are no consumers who represent more than 5% of the total balance of Trade Receivables.

At 30 June 2012, the municipality is owed R8 970 243 (30 June 2011: R3 754 858) by National and Provincial Government.

The municipality did not pledge any of its Trade Receivables as security for borrowing purposes.

	Municipality		Group	
	2012	2011	2012	2011
	R	R	R	R

4.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2012

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Sewerage:					
Gross Balances	699 797	152 255	146 606	3 555 704	4 554 363
Less: Provision for Impairment	-	-	-	1 577 237	1 577 237
Net Balances	**699 797**	**152 255**	**146 606**	**1 978 467**	**2 977 126**
Water:					
Gross Balances	577 815	1 885 972	1 415 600	35 698 725	39 578 112
Less: Provision for Impairment	-	-	-	15 295 796	15 295 796
Net Balances	**577 815**	**1 885 972**	**1 415 600**	**20 402 929**	**24 282 316**
Other Trade:					
Gross Balances	(125)	-	-	-	(125)
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**(125)**	**-**	**-**	**-**	**(125)**

As at 30 June Receivables of R25 981 829 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	*61 - 90 Days*	*+ 90 Days*	
All Receivables:				
Gross Balances	2 038 227	1 562 206	39 254 429	42 854 862
Less: Provision for Impairment	-	-	16 873 033	16 873 033
Net Balances	**2 038 227**	**1 562 206**	**22 381 396**	**25 981 829**

As at 30 June 2011

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Sewerage:					
Gross Balances	68 880	60 230	61 663	2 314 107	2 504 880
Less: Provision for Impairment	-	-	-	1 563 539	1 563 539
Net Balances	**68 880**	**60 230**	**61 663**	**750 568**	**941 341**
Water:					
Gross Balances	867 520	758 583	776 622	27 772 863	30 175 587
Less: Provision for Impairment	-	-	-	15 295 796	15 295 796
Net Balances	**867 520**	**758 583**	**776 622**	**12 477 067**	**14 879 791**
Other Trade:					
Gross Balances	-	-	-	607 231	607 231
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**607 231**	**607 231**

As at 30 June Receivables of R15 491 963 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	*61 - 90 Days*	*+ 90 Days*	
All Receivables:				
Gross Balances	818 813	838 284	30 694 201	32 351 299
Less: Provision for Impairment	-	-	16 859 335	16 859 335
Net Balances	**818 813**	**838 284**	**13 834 866**	**15 491 963**

4.2 Summary of Receivables from Exchange Transactions by Customer Classification

	Domestic	Industrial/ Commercial	Local, National and Provincial Government	Other
	R	R	R	R
As at 30 June 2012				
Current:				
0 - 30 days	500 598	283 641	460 458	32 790
Past Due:				
31 - 60 Days	1 201 974	362 648	419 152	54 453
61 - 90 Days	617 055	363 722	509 439	71 990
+ 90 Days	24 131 234	6 784 373	7 581 194	757 629
Sub-total	26 450 861	7 794 383	8 970 243	916 862
Less: Provision for Impairment	12 670 138	3 813 004	-	376 194
Total Receivables by Customer Classification	**13 780 724**	**3 981 379**	**8 970 243**	**540 668**

	Municipality		Group	
	2012	2011	2012	2011
	R	R	R	R

As at 30 June 2011	Domestic	Industrial/ Commercial	Local, National and Provincial Government	Other
	R	R	R	R
Current:				
0 - 30 days	308 624	542 282	72 406	13 088
Past Due:				
31 - 60 Days	454 389	263 928	65 424	35 072
61 - 90 Days	442 046	252 899	118 568	24 770
+ 90 Days	21 274 620	5 389 399	3 498 459	531 722
Sub-total	22 479 680	6 448 509	3 754 858	604 652
Less: Provision for Impairment	12 670 138	3 813 004	-	376 194
Total Receivables by Customer Classification	**9 809 542**	**2 635 505**	**3 754 858**	**228 458**

4.3 Reconciliation of the Provision for Impairment

Balance at beginning of year	16 859 335	16 510 262
Impairment Losses recognised	13 698	349 073
Impairment Losses reversed	-	-
Amounts written off as uncollectable	-	-
Amounts recovered	-	-
Balance at end of year	**16 873 033**	**16 859 335**

In terms of the financial instruments classification (Note 48.1), management has classified consumer debtors as loans and receivables for the purposes of assessing interest rate risk, credit risk and liquidity (Notes 48.4, 48.6.2 and 48.8). The concentration of credit risk has been on residential consumers. Consequently, in determining the recoverability of debtors, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Consumer Debtors has been more aggressive in the year under review, and has been made in accordance with IAS 39, paragraph 64. In management's professional judgement, no further credit provision is required in excess of the Provision for Impairment.

Consumer Debtors comprise of a large number of consumers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer Debtors are presented net of a provision for impairment.

Provision for impairment of Receivables from Exchange Transactions has been made for all consumer balances outstanding more than 120 days at a rate of 50%. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality has no collateral over these balances in the form of Consumer Deposits / Guarantees to cover the total outstanding debt.

4.4 Ageing of impaired Receivables from Exchange Transactions

Current:		
0 - 30 Days	-	-
Past Due:		
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	16 873 033	16 859 335
Total	**16 873 033**	**16 859 335**

4.5 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

	Municipality		Group	
	2012	2011	2012	2011
	R	R	R	R

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2012			
Municipality:			
Payments made in Advance	-	-	-
Accruals	859 306	-	859 306
Sundry Debtors	6 514 877	-	6 514 877
Total Receivables from Non-exchange Transactions	**7 374 184**	**-**	**7 374 184**
Group:			
Payments made in Advance	107 406	-	107 406
Accruals	859 306	-	859 306
Sundry Debtors	6 515 697	-	6 515 697
Total Receivables from Non-exchange Transactions	**7 482 410**	**-**	**7 482 410**

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2011			
Municipality:			
Payments made in Advance	-	-	-
Accruals	766 577	-	766 577
Sundry Debtors	3 626 841	-	3 626 841
Total Receivables from Non-exchange Transactions	**4 393 418**	**-**	**4 393 418**
Group:			
Payments made in Advance	107 406	-	107 406
Accruals	766 577	-	766 577
Sundry Debtors	3 641 456	-	3 641 456
Total Receivables from Non-exchange Transactions	**4 515 439**	**-**	**4 515 439**

Receivables from Non-exchange Transactions have been restated to correctly classify amounts held for Other Debtors, previously incorrectly categorised. Refer to Note 42.3 on "Correction of Error" for details of the restatement.

Furthermore, Receivables from Non-exchange Transactions have been restated to correctly classify amounts held for Other Debtors in terms of Reconciliations performed for the two financial years under review. Refer to Note 42.4 on "Correction of Error" for details of the restatement.

The average credit period for **Government Grants and Subsidies** is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies are payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.

Included in Sundry Deposits is an amount of R539 737 (2011: R0) in respect of cash deposits made to Eskom for the supply of electricity.

Sundry Debtors are in respect of debits outstanding at year-end on normal business transactions entered into by the municipality.

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

5.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2012

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Municipality:					
Payments made in Advance:					
Gross Balances	-	-	-	-	-
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**-**	**-**
Accruals:					
Gross Balances	-	-	-	859 306	859 306
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**859 306**	**859 306**

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

Sundry Debtors:

Gross Balances	-	-	-	6 514 877	6 514 877
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**6 514 877**	**6 514 877**

As at 30 June Receivables of R7 374 184 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	*61 - 90 Days*	*+ 90 Days*	

All Receivables:

Gross Balances	-	-	-	7 374 184	7 374 184
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**7 374 184**	**7 374 184**

Group:

Payments made in Advance:

Gross Balances	-	-	-	107 406	107 406
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**107 406**	**107 406**

Accruals:

Gross Balances	-	-	-	859 306	859 306
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**859 306**	**859 306**

Sundry Debtors:

Gross Balances	820	-	-	6 514 877	6 515 697
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**820**	**-**	**-**	**6 514 877**	**6 515 697**

As at 30 June Receivables of R7 481 590 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	*61 - 90 Days*	*+ 90 Days*	

All Receivables:

Gross Balances	-	-	-	7 481 590	7 481 590
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**7 481 590**	**7 481 590**

As at 30 June 2011

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	

Municipality:

Payments made in Advance:

Gross Balances	-	-	-	-	-	-
Less: Provision for Impairment	-	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**-**	**-**	**-**

Accruals:

Gross Balances	-	-	-	-	766 577	766 577
Less: Provision for Impairment	-	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**-**	**766 577**	**766 577**

Sundry Debtors:

Gross Balances	-	-	-	-	3 626 841	3 626 841
Less: Provision for Impairment	-	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**-**	**3 626 841**	**3 626 841**

As at 30 June Receivables of R4 393 418 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	*61 - 90 Days*	*+ 90 Days*	

All Receivables:

Gross Balances	-	-	-	4 393 418	4 393 418
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**4 393 418**	**4 393 418**

				Municipality		Group	
				2012	2011	2012	2011
				R	R	R	R

Group:

Payments made in Advance:

Gross Balances	-	-	-	107 406	107 406
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**107 406**	**107 406**

Accruals:

Gross Balances	-	-	-	766 577	766 577
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**766 577**	**766 577**

Sundry Debtors:

Gross Balances	14 615	-	-	3 626 841	3 641 456
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**14 615**	**-**	**-**	**3 626 841**	**3 641 456**

As at 30 June Receivables of R4 500 824 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	*61 - 90 Days*	*+ 90 Days*	
All Receivables:				
Gross Balances	-	-	4 500 824	4 500 824
Less: Provision for Impairment	-	-	-	-
Net Balances	**-**	**-**	**4 500 824**	**4 500 824**

	2012	2011	2012	2011
	R	R	R	R

6. VAT RECEIVABLE

Vat Receivable	**19 127 261**	**28 161 546**	**19 646 262**	**28 458 480**

Municipality:

VAT is payable on the payments basis. Once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are effected before the due date.

7. CASH AND CASH EQUIVALENTS

Current Investments	129 844 781	22 888 653	129 867 025	22 906 479
Bank Accounts	11 628 351	2 433 437	18 769 835	2 763 030
Bank Overdraft	(0)	(71 805)	(0)	(71 805)
Cash and Cash Equivalents	(0)	(0)	2 100	1 700
Total Cash and Cash Equivalents	**141 473 132**	**25 250 285**	**148 638 960**	**25 599 404**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

7.1 Current Investment Deposits

Call Deposits	129 844 781	22 888 653	129 867 025	22 906 479
Total Current Investment Deposits	**129 844 781**	**22 888 653**	**129 867 025**	**22 906 479**

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 0,00% to 3,90% (2010/11: 4,90% to 5,50%) per annum.

Short-term Investment Deposits are attributable to Funds as follows:

Unspent Conditional Grants	17 974 788	16 723 975	17 974 788	16 723 975
Capital Replacement Reserve	641 615	582 085	641 615	582 085
Creditors	54 090 977	5 582 592	54 090 977	5 582 592
Current Provisions	163 902	-	163 902	-
Total Deposits attributable to Commitments of the Municipality	**72 871 282**	**22 888 653**	**72 871 282**	**22 888 653**

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R
7.2 Bank Accounts				
Cash in Bank	11 628 351	2 433 437	18 769 835	2 763 030
Bank Overdraft	(0)	(71 805)	(0)	(71 805)
Total Bank Accounts	**11 628 350**	**2 361 632**	**18 769 834**	**2 691 225**
The Municipality has the following bank accounts:				
Primary Bank Account				
First National Bank - Mount Frere Branch, Mount Frere - Account Number 620 2493 2974:				
Cash book balance at beginning of year	(71 804)	(52 041)		
Cash book balance at end of year	5 153 772	(71 804)		
Bank statement balance at beginning of year	595 446	(52 041)		
Bank statement balance at end of year	529 478	595 446		
Water & Sanitation Account				
First National Bank - Mount Frere Branch, Mount Frere - Account Number 621 5258 1586:				
Cash book balance at beginning of year	2 433 437	1 094 959		
Cash book balance at end of year	6 474 579	2 433 437		
Bank statement balance at beginning of year	2 303 898	1 094 959		
Bank statement balance at end of year	6 788 950	2 303 898		
Bank Accounts are attributable to Funds as follows:				
Creditors	-	40 086 435		
Available for / (Utilised by) Operational Purposes	11 628 350	(37 724 802)		
Total Bank and Cash attributable to Commitments of the Municipality	**11 628 350**	**2 361 632**		
The Entity has the following bank accounts:				
First National Bank - Mount Frere				
Account Number 622 1529 0355 (Primary Bank Account):				
Cash book balance at beginning of year			329 593	17 097
Cash book balance at end of year			7 141 484	329 593
Bank statement balance at beginning of year			329 593	17 097
Bank statement balance at end of year			7 141 484	329 593

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

7.3 Cash and Cash Equivalents				
Cash Floats and Advances	(0)	(0)	2 100	1 700
Total Cash on hand in Cash Floats, Advances and Equivalents	**(0)**	**(0)**	**2 100**	**1 700**

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

8. OPERATING LEASE RECEIVABLES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Balance at beginning of year	622	816	622	816
Operating Lease Revenue recorded	46 778	12 136	46 778	12 136
Operating Lease Revenue effected	(46 126)	(12 329)	(46 126)	(12 329)
Total Operating Lease Receivables	**1 274**	**622**	**1 274**	**622**

8.1 Leasing Arrangements

The Municipality as Lessor:
Operating Leases relate to Property owned by the municipality with lease terms of between 1 to 2 (2011: 2 to 3) years, with an option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

8.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	220 959	46 126	220 959	46 126
2 to 5 years	194 750	415 710	194 750	415 710
More than 5 years	-	-	-	-
Total Operating Lease Arrangements	**415 710**	**461 836**	**415 710**	**461 836**

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been an decrease in current year income of R652 (2011: R-194).

The following restrictions (if any) have been imposed by the municipality in terms of the (specify) lease agreements:

(i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.

(ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.

(iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

9. CURRENT PORTION OF LONG-TERM RECEIVABLES

Car Loans	192 552	388 095	192 552	388 095
Total Current Portion of Long-term Receivables	**192 552**	**388 095**	**192 552**	**388 095**

10 PROPERTY, PLANT AND EQUIPMENT

Municipality:
30 June 2012

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2011	**44 249 082**	**1 074 396 790**	**-**	**11 085 934**	**1 129 731 806**
Cost	53 723 450	1 125 434 849	-	19 302 928	1 198 461 227
- *Completed Assets*	*53 006 391*	*777 356 607*	*-*	*19 302 928*	*849 665 926*
- *Under Construction*	*717 059*	*348 078 242*	*-*	*-*	*348 795 302*
Accumulated Impairment Losses	(5 875 465)	-	-	(113 257)	(5 988 722)
Accumulated Depreciation:	(3 598 903)	(51 038 059)	-	(8 103 737)	(62 740 699)
- *Cost*	*(3 598 903)*	*(51 038 059)*	*-*	*(8 103 737)*	*(62 740 699)*
Acquisitions	(0)	0	-	9 222 174	9 222 174
Borrowing Costs Capitalised	-	-	-	-	-
Capital under Construction - Additions:	-	272 726 459	-	-	272 726 459
- *Cost*	-	*272 726 459*	-	-	*272 726 459*
- *Borrowing Costs Capitalised*	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-
Depreciation:	(1 786 239)	(26 110 321)	-	(3 134 765)	(31 031 324)
- *Based on Cost*	*(1 786 239)*	*(26 110 321)*	*-*	*(3 134 765)*	*(31 031 324)*
Carrying value of Disposals:	-	-	-	-	-
- Cost	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-
Carrying value of Tranfers to Held-for-Sale:	-	-	-	-	-
- Cost	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-
Impairment Losses	-	-	-	-	-
Capital under Construction - Completed	-	(401 013 984)	-	-	(401 013 984)
Other Movements	-	50 823 117	-	-	50 823 117
- Cost	-	50 823 117	-	-	50 823 117
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-
Carrying values at 30 June 2012	**42 462 843**	**970 822 061**	**-**	**17 173 343**	**1 030 458 248**
Cost	53 723 450	1 047 970 441	-	28 525 102	1 130 218 993
- *Completed Assets*	*53 006 391*	*828 179 724*	*-*	*28 525 102*	*909 711 217*
- *Under Construction*	*717 059*	*219 790 717*	*-*	*-*	*220 507 777*
Accumulated Impairment Losses	(5 875 465)	-	-	(113 257)	(5 988 722)
Accumulated Depreciation:	(5 385 142)	(77 148 380)	-	(11 238 502)	(93 772 023)
- *Cost*	*(5 385 142)*	*(77 148 380)*	*-*	*(11 238 502)*	*(93 772 023)*

10 PROPERTY, PLANT AND EQUIPMENT (Continued)

Group:
30 June 2012

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2011	**44 249 082**	**1 074 396 790**	**-**	**11 147 938**	**1 129 793 810**
Cost	53 723 450	1 125 434 849	-	19 384 318	1 198 542 617
- *Completed Assets*	*53 006 391*	*777 356 607*	*-*	*19 384 318*	*849 747 316*
- *Under Construction*	*717 059*	*348 078 242*	*-*	*-*	*348 795 302*
Accumulated Impairment Losses	(5 875 465)	-	-	(113 257)	(5 988 722)
Accumulated Depreciation:	(3 598 903)	(51 038 059)	-	(8 123 123)	(62 760 085)
- *Cost*	*(3 598 903)*	*(51 038 059)*	*-*	*(8 123 123)*	*(62 760 085)*
Acquisitions	(0)	0	-	9 459 892	9 459 892
Borrowing Costs Capitalised	-	-	-	-	-
Capital under Construction - Additions:	-	272 726 459	-	-	272 726 459
- *Cost*	-	*272 726 459*	-	-	*272 726 459*
- *Borrowing Costs Capitalised*	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-
Depreciation:	(1 786 239)	(26 110 321)	-	(3 178 230)	(31 074 789)
- *Based on Cost*	*(1 786 239)*	*(26 110 321)*	*-*	*(3 178 230)*	*(31 074 789)*
Carrying value of Disposals:	-	-	-	-	-
- Cost	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-
Carrying value of Tranfers to Held-for-Sale:	-	-	-	-	-
- Cost	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-
Impairment Losses	-	-	-	-	-
Capital under Construction - Completed	-	(401 013 984)	-	-	(401 013 984)
Other Movements	-	50 823 117	-	-	50 823 117
- Cost	-	50 823 117	-	-	50 823 117
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-
Carrying values at 30 June 2012	**42 462 843**	**970 822 061**	**-**	**17 429 600**	**1 030 714 505**
Cost	53 723 450	1 047 970 441	-	28 844 210	1 130 538 101
- *Completed Assets*	*53 006 391*	*828 179 724*	*-*	*28 844 210*	*910 030 325*
- *Under Construction*	*717 059*	*219 790 717*	*-*	*-*	*220 507 777*
Accumulated Impairment Losses	(5 875 465)	-	-	(113 257)	(5 988 722)
Accumulated Depreciation:	(5 385 142)	(77 148 380)	-	(11 301 353)	(93 834 874)
- *Cost*	*(5 385 142)*	*(77 148 380)*	*-*	*(11 301 353)*	*(93 834 874)*

10 PROPERTY, PLANT AND EQUIPMENT (Continued)

Municipality:
30 June 2011

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2010	**50 754 126**	**948 332 375**	**-**	**10 279 246**	**1 009 365 747**
Cost	52 415 455	973 047 609	-	16 452 482	1 041 915 546
- *Completed Assets*	*44 148 354*	*760 925 362*	*-*	*16 452 482*	*821 526 198*
- *Under Construction*	*8 267 101*	*212 122 247*	*-*	*-*	*220 389 348*
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation:	(1 661 329)	(24 715 234)	-	(6 173 236)	(32 549 799)
- *Cost*	*(1 661 329)*	*(24 715 234)*	*-*	*(6 173 236)*	*(32 549 799)*
Acquisitions	-	-	-	2 850 446	2 850 446
Borrowing Costs Capitalised	-	-	-	-	-
Capital under Construction - Additions:	1 307 995	158 042 811	-	-	159 350 806
- *Cost*	*1 307 995*	*158 042 811*	*-*	*-*	*159 350 806*
- *Borrowing Costs Capitalised*	*-*	*-*	*-*	*-*	*-*
Reversals of Impairment Losses	-	-	-	-	-
Depreciation:	(1 937 574)	(26 322 825)	-	(1 930 501)	(30 190 900)
- *Based on Cost*	*(1 937 574)*	*(26 322 825)*	*-*	*(1 930 501)*	*(30 190 900)*
Carrying value of Disposals:	-	-	-	-	-
- Cost	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-
Carrying value of Tranfers to Held-for-Sale:	-	-	-	-	-
- Cost	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-
Impairment Losses	(5 875 465)	-	-	(113 257)	(5 988 722)
Capital under Construction - Completed	(8 858 037)	(22 086 816)	-	-	(30 944 852)
Other Movements	8 858 037	16 431 245	-	-	25 289 282
- Cost	8 858 037	16 431 245	-	-	25 289 282
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-
Carrying values at 30 June 2011	**44 249 082**	**1 074 396 790**	**-**	**11 085 934**	**1 129 731 806**
Cost	53 723 450	1 125 434 849	-	19 302 928	1 198 461 227
- *Completed Assets*	*53 006 391*	*777 356 607*	*-*	*19 302 928*	*849 665 926*
- *Under Construction*	*717 059*	*348 078 242*	*-*	*-*	*348 795 302*
Accumulated Impairment Losses	(5 875 465)	-	-	(113 257)	(5 988 722)
Accumulated Depreciation:	(3 598 903)	(51 038 059)	-	(8 103 737)	(62 740 699)
- *Cost*	*(3 598 903)*	*(51 038 059)*	*-*	*(8 103 737)*	*(62 740 699)*

10 PROPERTY, PLANT AND EQUIPMENT (Continued)

Group:
30 June 2011

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2010	**50 754 126**	**948 332 375**	**-**	**10 324 719**	**1 009 411 220**
Cost	52 415 455	973 047 609	-	16 505 896	1 041 968 960
- *Completed Assets*	*44 148 354*	*760 925 362*	*-*	*16 505 896*	*821 579 612*
- *Under Construction*	*8 267 101*	*212 122 247*	*-*	*-*	*220 389 348*
Correction of Error (Note 40)	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation:	(1 661 329)	(24 715 234)	-	(6 181 177)	(32 557 740)
- *Cost*	*(1 661 329)*	*(24 715 234)*	*-*	*(6 181 177)*	*(32 557 740)*
Acquisitions	-	-	-	2 878 422	2 878 422
Borrowing Costs Capitalised	-	-	-	-	-
Capital under Construction - Additions:	1 307 995	158 042 811	-	-	159 350 806
- *Cost*	*1 307 995*	*158 042 811*	*-*	*-*	*159 350 806*
- *Borrowing Costs Capitalised*	*-*	*-*	*-*	*-*	*-*
Reversals of Impairment Losses	-	-	-	-	-
Depreciation:	(1 937 574)	(26 322 825)	-	(1 941 946)	(30 202 345)
- *Based on Cost*	*(1 937 574)*	*(26 322 825)*	*-*	*(1 941 946)*	*(30 202 345)*
Carrying value of Disposals:	-	-	-	-	-
- Cost	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-
Carrying value of Tranfers to Held-for-Sale:	-	-	-	-	-
- Cost	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-
Impairment Losses	(5 875 465)	-	-	(113 257)	(5 988 722)
Capital under Construction - Completed	(8 858 037)	(22 086 816)	-	-	(30 944 852)
Other Movements	8 858 037	16 431 245	-	-	25 289 282
- Cost	8 858 037	16 431 245	-	-	25 289 282
- Accumulated Impairment Losses	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-
Carrying values at 30 June 2011	**44 249 082**	**1 074 396 790**	**-**	**11 147 938**	**1 129 793 810**
Cost	53 723 450	1 125 434 849	-	19 384 318	1 198 542 617
- *Completed Assets*	*53 006 391*	*777 356 607*	*-*	*19 384 318*	*849 747 316*
- *Under Construction*	*717 059*	*348 078 242*	*-*	*-*	*348 795 302*
Accumulated Impairment Losses	(5 875 465)	-	-	(113 257)	(5 988 722)
Accumulated Depreciation:	(3 598 903)	(51 038 059)	-	(8 123 123)	(62 760 085)
- *Cost*	*(3 598 903)*	*(51 038 059)*	*-*	*(8 123 123)*	*(62 760 085)*

Other movements of Property, Plant and Equipment are in respect of Work-in-Progress of R50 823 117 (2011: R25 289 282) completed and transferred to Cost.

Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment, including those in the course of construction.

	Municipality		Group	
	2012	2011	2012	2011
	R	R	R	R

10 PROPERTY, PLANT AND EQUIPMENT (Continued)

10.1 Assets pledged as security

The municipality did not pledge any of its assets as security.

10.2 Impairment of Property, Plant and Equipment

No impairment was identified during the annual verification of assets.

10.3 Land and Buildings carried at Fair Value

The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

11 INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	**748 307**	**205 898**	**755 032**	**219 412**

The movement in Intangible Assets is reconciled as follows:

Municipality:

	Computer Software	Total
Carrying values at 01 July 2011	**205 898**	**205 898**
Cost	582 085	582 085
Accumulated Amortisation	(376 187)	(376 187)
Acquisitions:	740 472	740 472
Purchased	740 472	740 472
Internally Developed	-	-
Amortisation:	(198 063)	(198 063)
Purchased	(198 063)	(198 063)
Internally Developed	-	-
Carrying values at 30 June 2012	**748 307**	**748 307**
Cost	1 322 557	1 322 557
Accumulated Amortisation	(574 250)	(574 250)

Group:

	Computer Software	Total
Carrying values at 01 July 2011	**219 412**	**219 412**
Cost	602 451	602 451
Accumulated Amortisation	(383 039)	(383 039)
Acquisitions:	740 472	740 472
Purchased	740 472	740 472
Internally Developed	-	-
Amortisation:	(204 852)	(204 852)
Purchased	(204 852)	(204 852)
Internally Developed	-	-
Carrying values at 30 June 2012	**755 032**	**755 032**
Cost	1 342 923	1 342 923
Accumulated Amortisation	(587 891)	(587 891)

Municipality:

	Computer Software	Total
Carrying values at 01 July 2010	**212 960**	**212 960**
Cost	507 385	507 385
Accumulated Amortisation	(294 425)	(294 425)
Acquisitions:	74 700	74 700
Purchased	74 700	74 700
Amortisation:	(81 762)	(81 762)
Purchased	(81 762)	(81 762)
Carrying values at 30 June 2011	**205 898**	**205 898**
Cost	582 085	582 085
Accumulated Amortisation	(376 187)	(376 187)

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

Group:

	Computer Software	Total
Carrying values at 01 July 2010	**219 520**	**219 520**
Cost	517 225	517 225
Accumulated Amortisation	(297 705)	(297 705)
Acquisitions:	85 226	85 226
Purchased	85 226	85 226
Internally Developed	-	-
Amortisation:	(85 334)	(85 334)
Purchased	(85 334)	(85 334)
Internally Developed	-	-
Carrying values at 30 June 2011	**219 412**	**219 412**
Cost	602 451	602 451
Accumulated Amortisation	(383 039)	(383 039)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 31).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

11.1 Significant Intangible Assets

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in IAS 38 and SIC 32, are the following:
(i) Website Costs incurred during the last two financial years have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

11.2 Intangible Assets with Indefinite Useful Lives

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

Amortisation is charged on a straight-line basis over the Intangible Assets' useful lives.

11.3 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

12 INVESTMENT PROPERTY

The municipality did not have any property to be classified as Investment Property in terms of its Accounting Policies and Asset Management Policy at year-end.

13 HERITAGE ASSETS

At Cost less Accumulated Impairment Losses	**100 000**	**100 000**	**100 000**	**100 000**

The movement in Heritage Assets is reconciled as follows:

Municipality / Group:

	Statues	Total
Carrying values at 01 July 2011	**100 000**	**100 000**
Cost	100 000	100 000
Accumulated Impairment	-	-
Acquisitions	-	-
Impairment Losses Recognised	-	-
Carrying values at 30 June 2012	**100 000**	**100 000**
Cost	100 000	100 000
Accumulated Impairment Losses	-	-

	Municipality		Group	
	2012	2011	2012	2011
	R	R	R	R
	Statues	Total		
Carrying values at 01 July 2010	**100 000**	**100 000**		
Cost	100 000	100 000		
Accumulated Impairment	-	-		
Acquisitions	-	-		
Impairment Losses Recognised	-	-		
Carrying values at 30 June 2011	**100 000**	**100 000**		
Cost	100 000	100 000		
Accumulated Impairment Losses	-	-		

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

13.1 Impairment of Heritage Assets

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

14 NON-CURRENT INVESTMENTS

Unlisted				
Investment in Municipal Entities - at cost	100	100	-	-
	100	**100**	**-**	**-**
Financial Instruments				
Fixed Deposits	18 477 653	16 710 835	18 477 653	16 710 835
Total Investments				
All Investments	18 477 753	16 710 935	18 477 653	16 710 835
Less: Short-term Portion transferred to Current Investments	-	-	-	-
Total Non-current Investments	**18 477 753**	**16 710 935**	**18 477 653**	**16 710 835**
Council's valuation of Unlisted Investments				
Investment in Municipal Entities	100	100	-	-
	100	**100**	**-**	**-**

Unlisted Investments comprise the following:
(i) Investments in Municipal Entities as described below.

Fixed Deposits are investments with a maturity period of more than 12 months and earn interest at a rate of 10,15 % (2011: 10,15%) per annum.

Fixed Deposits of R18 477 653 (2011: R16 710 835) are ring-fenced for the purposes of repaying Long-term Liabilities as set out in Notes 20 and 45.

The Municipal Structures Act, Act 177 of 1998, requires local authorities to invest funds which are not immediately required with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate of interest to meet commitments.

14.1 Investment in Municipal Entities

The municipality exercises control in the following company, located and operating in the Mount Ayliff municipal area, where the value of the investment is considered to be R100, being the issued share capital:

Alfred Nzo Development Agency (Section 21 Company):				
Issued Share Capital (R)	100	100	-	-
Percentage controlled by Council (%)	100.00%	100.00%	0.00%	0.00%
Non-Current Liabilities	-	-	-	-
Current Liabilities	1 288 654	1 100 162	-	-
Non-Current Assets	262 981	75 519	-	-
Current Assets	15 313 056	4 693 212	-	-
Total Revenue	17 572 749	9 646 609	-	-
Total Expenditure	6 422 949	6 076 298	-	-
Indebtness of Municipal Entity (R)	7 520 000	3 925 139	-	-
Grant allocated to Municipal Entity (R)	17 520 000	9 629 960	-	-
Management's valuation of the investment in the Municipal Entity (R)	100	100	-	-

Seven of the seven members serving on the board of directors of the Municipal Entity are nominated by the municipality's Council (100.00%).

The municipality's maximum liability towards the Municipal Entity is R100.

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

15 LONG-TERM RECEIVABLES

Municipality / Group:

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2012			
Car Loans	768 906	-	768 906
	768 906	-	768 906
Less: Current Portion transferred to Current Receivables:-			192 552
Car Loans			192 552
Total Long-term Receivables			**576 354**

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2011			
Car Loans	735 438	-	735 438
	735 438	-	735 438
Less: Current Portion transferred to Current Receivables:-			388 095
Car Loans			388 095
Total Long-term Receivables			**347 343**

The municipality does not hold deposits or any other security for its Long-term Receivables.

No Long-term Receivables have been pledged as security for the municipality's financial liabilities.

Long-term Receivables are neither past due nor impaired as management have no concerns over the credit quality of these assets.

	2012 R	2011 R	2012 R	2011 R
15.1 Ageing of Long-term Receivables				
Past Due:				
+ 120 Days	768 906	735 438	768 906	735 438
Total	**768 906**	**735 438**	**768 906**	**735 438**

As at 30 June Long-term Receivables of R768 906 (2011: R735 438) were past due but not impaired. No terms for payment have been re-negotiaited. The age analysis of these Long-term Receivables is as follows:

+ 120 Days	768 906	735 438	768 906	735 438
Total	**768 906**	**735 438**	**768 906**	**735 438**

No Provision for Impairment was calculated on Receivables as the management is of the opinion that all Receivables are recoverable within normal credit terms.

16 PROVISIONS

Performance Bonuses	-	-	-	-
Current Portion of Non-Current Provisions (See Note 21):	163 902	149 807	163 902	149 807
Long-service Awards	163 902	149 807	163 902	149 807
Total Provisions	**163 902**	**149 807**	**163 902**	**149 807**

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The movement in current provisions are reconciled as follows:

Long-term Service:

Balance at beginning of year	149 807	203 480	149 807	203 480
Transfer from non-current	163 902	149 807	163 902	149 807
Expenditure incurred	(149 807)	(203 480)	(149 807)	(203 480)
Balance at end of year	**163 902**	**149 807**	**163 902**	**149 807**

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

17 PAYABLES

Trade Creditors	21 707 896	31 346 517	22 233 908	32 440 975
Payments received in Advance	2 669 023	403 549	2 669 023	403 549
Loan Instalment Accounts	646 909	481 551	646 909	481 551
Projects	-	4 500 189	-	4 500 189
Retentions	34 909 893	-	34 909 893	-
Staff Leave Accrued	6 340 467	3 121 008	6 453 109	3 126 712
Staff Salaries	(181 108)	(421 861)	(181 108)	(421 861)
Other Creditors	(12 002 103)	6 238 073	(18 872 103)	2 312 934
Total Payables	**54 090 977**	**45 669 027**	**47 859 631**	**42 844 050**

Staff Leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The municipality endeavours to settle purchases within 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did not default on any payment of its Payables. No terms for payment have been re-negotiaited by the municipality.

18 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

18.1 Conditional Grants from Government	**17 974 788**	**16 723 975**	**17 974 788**	**16 723 975**
National Government Grants	4 936 300	6 666 079	4 936 300	6 666 079
Provincial Government Grants	10 624 052	9 961 424	10 624 052	9 961 424
Other Spheres of Government	2 414 436	96 472	2 414 436	96 472
Total Conditional Grants and Receipts	**17 974 788**	**16 723 975**	**17 974 788**	**16 723 975**

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 23 for the reconciliation of Grants from Government and Note 24 for the reconciliation of Other Conditional Receipts. The Unspent Grants are cashbacked by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Refer to Appendix "F" for more detail on Conditional Grants.

19 OPERATING LEASE LIABILITIES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following liabilities have been recognised:

Balance at beginning of year	4 113	9 547	4 113	9 547
Operating Lease expenses recorded	212 424	117 378	212 424	117 378
Operating Lease payments effected	(186 636)	(122 811)	(186 636)	(122 811)
Total Operating Lease Liabilities	**29 901**	**4 113**	**29 901**	**4 113**

19.1 Leasing Arrangements

The Municipality as Lessee:
Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

19.2 Amounts payable under Operating Leases

At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:

Buildings:	806 377	993 014	806 377	993 014
Within one year	220 647	186 636	220 647	186 636
In the second to third years, inclusive	456 357	460 495	456 357	460 495
Over three years	129 373	345 883	129 373	345 883
Vehicles:	6 343 163	-	6 343 163	-
Within one year	2 209 973	-	2 209 973	-
In the second to third years, inclusive	4 133 190	-	4 133 190	-
Over three years	-	-	-	-
Other Equipment:	895 000	-	895 000	-
Within one year	514 276	-	514 276	-
In the second to third years, inclusive	380 724	-	380 724	-
Over three years	-	-	-	-
Total Operating Lease Arrangements	**8 044 541**	**993 014**	**8 044 541**	**993 014**

The following payments have been recognised as an expense in the Statement of Financial Performance:

Minimum lease payments	212 424	117 378	212 424	117 378
Total Operating Lease Expenses	**212 424**	**117 378**	**212 424**	**117 378**

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:

- Office Equipment

The following restrictions have been imposed on the municipality in terms of the lease agreements on Office Equipment:

(i) The equipment shall remain the property of the lessor.

(ii) The hirer shall not sell, sublet, cede, assign or delegate any of its rights or obligations on the equipemt.

(iii) The equipment shall be returned in good order and condition to the lessor upon termination of the agreement.

(iv) The municipality is obliged to enter into a maintenance agreement with the lessor for the equipment rented.

20 LONG-TERM LIABILITIES

Annuity Loans	31 291 341	24 629 220	31 291 341	24 629 220
Sub-total	31 291 341	24 629 220	31 291 341	24 629 220
Less: Current Portion transferred to Current Liabilities:-	1 441 675	2 891 220	1 441 675	2 891 220
Annuity Loans	1 441 675	2 891 220	1 441 675	2 891 220
Total Long-term Liabilities (Neither past due, nor impaired)	**29 849 666**	**21 738 000**	**29 849 666**	**21 738 000**

20.1 Summary of Arrangements

Annuity Loans are repaid over periods varying from 13 to 14 (2011: 14 to 15) years and at interest rates varying from 5,00% to 11,47% (2011: 5,00% to 11,47%) per annum. Annuity Loans are not secured.

Refer to Appendix "A" for more detail on Long-term Liabilities.

20.2 Breach of Loan Agreement

The municipality did not default on any payment of its Long-term Liabilities. No terms for payment have been re-negotiaited by the municipality.

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R
21 NON-CURRENT PROVISIONS				
Provision for Long-service Awards	1 268 710	1 131 385	1 268 710	1 131 385
Total Non-current Provisions	**1 268 710**	**1 131 385**	**1 268 710**	**1 131 385**
The movement in Non-current Provisions are reconciled as follows:				
Long-service Awards				
Balance at beginning of year	1 131 385	1 041 639	1 131 385	1 041 639
Contributions to provision	301 227	239 553	301 227	239 553
	1 432 612	1 281 192	1 432 612	1 281 192
Transfer to current provisions	(163 902)	(149 807)	(163 902)	(149 807)
Balance at end of year	**1 268 710**	**1 131 385**	**1 268 710**	**1 131 385**

21.1 Long-service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 5 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2012 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year-end, 102 (2011: not assessed) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2012 is estimated to be R156 559, whereas the cost for the ensuing year is estimated to be R169 249 (30 June 2011: R167 322 and R156 559 respectively).

	2012 R	2011 R	2012 R	2011 R
The principal assumptions used for the purposes of the actuarial valuations were as follows:				
Discount Rate		6.18%	7.21%	6.18%
7.21% Cost Inflation Rate		5.97%	5.95%	5.97%
5.95% Net Effective Discount Rate		0.19%	1.19%	0.19%
1.19% Expected Retirement Age - Females		65	65	65
65				
Expected Retirement Age - Males		60	60	60
60				
Movements in the present value of the Defined Benefit Obligation were as follows:				
Balance at the beginning of the year	1 281 192	1 245 119	1 281 192	1 245 119
Current service costs	156 559	167 322	156 559	167 322
Interest cost	87 040	83 532	87 040	83 532
Benefits paid	(149 807)	(203 480)	(149 807)	(203 480)
Actuarial losses / (gains)	57 628	(11 301)	57 628	(11 301)
Present Value of Fund Obligation at the end of the Year	**1 432 612**	**1 281 192**	**1 432 612**	**1 281 192**
Actuarial losses / (gains) unrecognised	-	-	-	-
Total Recognised Benefit Liability	**1 432 612**	**1 281 192**	**1 432 612**	**1 281 192**
The amounts recognised in the Statement of Financial Position are as follows:				
Present value of fund obligations	1 432 612	1 281 192	1 432 612	1 281 192
Unfunded Accrued Liability	1 432 612	1 281 192	1 432 612	1 281 192
Actuarial gains / (losses) not recognised	-	-	-	-
Total Benefit Liability	**1 432 612**	**1 281 192**	**1 432 612**	**1 281 192**
The amounts recognised in the Statement of Financial Performance are as follows:				
Current service cost	156 559	167 322	156 559	167 322
Interest cost	87 040	83 532	87 040	83 532
Actuarial losses / (gains)	57 628	(11 301)	57 628	(11 301)
Total Post-retirement Benefit included in Employee Related Costs (Note 28)	**301 227**	**239 553**	**301 227**	**239 553**

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

The history of experienced adjustments is as follows:

	2012 R	2011 R	2010 R	2009 R	2008 R
Present Value of Defined Benefit Obligation	1 432 612	1 281 192	1 245 119	-	-
Deficit	**1 432 612**	**1 281 192**	**1 245 119**	**-**	**-**
Experienced adjustments on Plan Liabilities	-	-	-	-	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2010 reporting period.

	2012 R	2011 R	2012 R	2011 R
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:				
Increase:				
Effect on the aggregate of the current service cost and the interest cost	13 405	-	13 405	-
Effect on the defined benefit obligation	84 388	-	84 388	-
Decrease:				
Effect on the aggregate of the current service cost and the interest cost	(12 159)	-	(12 159)	-
Effect on the defined benefit obligation	(77 612)	-	(77 612)	-

The municipality expects to make a contribution of R252 746 (2011: R243 599) to the defined benefit plans during the next financial year.

22 ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capital Replacement Reserve (CRR)	641 615	582 085	641 615	582 085
Government Grants Reserve	1 030 410 686	1 129 684 245	1 030 410 686	1 129 684 245
Accumulated Surplus / (Deficit) due to the results of Operations	114 318 795	5 084 746	128 606 078	8 753 215
Total Accumulated Surplus	**1 145 371 096**	**1 135 351 076**	**1 159 658 379**	**1 139 019 545**

Refer to Statement of Changes in Net Assets for more detail, and the movement on Accumulated Surplus.

23 GOVERNMENT GRANTS AND SUBSIDIES

National Equitable Share	265 089 000	125 171 139	265 089 000	125 171 139
Other Grants	5 923 112	(6 033 790)	5 923 112	(6 033 790)
Operational Grants	271 012 112	119 137 349	271 012 112	119 137 349
Conditional Grants	364 666 932	206 737 719	364 666 932	206 737 719
National Government: Equitable Shares	1 281 535	213 792	1 281 535	213 792
National Government: Cooperative Government & Traditional Affairs (COGTA)	7 206 226	7 583 695	7 206 226	7 583 695
National Government: Finance Management Grant	1 561 733	892 480	1 561 733	892 480
National Government: Municipal Infrastructure Grant (MIG)	308 146 000	172 982 113	308 146 000	172 982 113
National Government: Municipal Systems Implementation Grant (MSIG)	1 124 039	726 484	1 124 039	726 484
National Government: Dept Water Affairs & Forestry (DWAF)	9 903 090	8 694 842	9 903 090	8 694 842
Provincial Government: Provincial Treasury	32 950 893	12 192 043	32 950 893	12 192 043
Provincial Government: Dept Cooperative Government & Traditional Affairs (COGTA)	1 841 420	3 392 269	1 841 420	3 392 269
Provincial Government: Dept Transport	651 996	-	651 996	-
Other Government: LGWSETA	-	60 000	-	60 000
Total Government Grants and Subsidies	**635 679 044**	**325 875 068**	**635 679 044**	**325 875 068**
Operational Grants:				
23.1 National: Equitable Share	265 089 000	125 171 139	265 089 000	125 171 139

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy up to R1,30 per kl (2011: R1,30), based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. Indigent residential households receive 6 kl water free every month. No funds have been withheld.

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

Conditional Grants:

23.2 National: Equitable Share

Balance unspent at beginning of year	2 286 208	-	2 286 208	-
Current year receipts	-	2 500 000	-	2 500 000
Conditions met - transferred to Revenue: Operating Expenses	(1 281 535)	(213 792)	(1 281 535)	(213 792)
Conditions met - transferred to Revenue: Capital Expenses	-	-	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**1 004 672**	**2 286 208**	**1 004 672**	**2 286 208**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to community members. In terms of the allocation made by DPLG the funds are also utilised to enable the municipality to execute its functions as the local authority. No funds have been withheld.

23.3 National Government: Cooperative Government & Traditional Affairs (COGTA)

Balance unspent at beginning of year	1 413 220	1 066 915	1 413 220	1 066 915
Current year receipts	9 268 000	7 930 000	9 268 000	7 930 000
Conditions met - transferred to Revenue: Operating Expenses	(7 206 226)	(7 583 695)	(7 206 226)	(7 583 695)
Conditions met - transferred to Revenue: Capital Expenses	-	-	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**3 474 994**	**1 413 220**	**3 474 994**	**1 413 220**

The grant was allocated for the construction of basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. The grant is allocated to Municipal Infrastructure Grant (MIG) from Cooperative Government & Traditional Affairs. No funds have been withheld.

23.4 National Government: Finance Management Grant

Balance unspent at beginning of year	311 733	204 213	311 733	204 213
Current year receipts	1 250 000	1 000 000	1 250 000	1 000 000
Conditions met - transferred to Revenue: Operating Expenses	(1 561 733)	(892 480)	(1 561 733)	(892 480)
Conditions met - transferred to Revenue: Capital Expenses	-	-	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**-**	**311 733**	**-**	**311 733**

The Municipal Finance Management Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

23.5 National Government: Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	0	19 803 113	0	19 803 113
Current year receipts	308 146 000	153 179 000	308 146 000	153 179 000
Conditions met - transferred to Revenue: Operating Expenses	(308 146 000)	(172 982 113)	(308 146 000)	(172 982 113)
Conditions met - transferred to Revenue: Capital Expenses	-	-	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**-**	**0**	**-**	**0**

The Municipal Infrastructure Grant (MIG) was allocated for the construction of basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. The grant is allocated from Cooperative Government & Traditional AffairsNo funds have been withheld.

23.6 National Government: Municipal Systems Implementation Grant (MSIG)

Balance unspent at beginning of year	334 039	310 523	334 039	310 523
Current year receipts	790 000	750 000	790 000	750 000
Conditions met - transferred to Revenue: Operating Expenses	(1 124 039)	(726 484)	(1 124 039)	(726 484)
Conditions met - transferred to Revenue: Capital Expenses	-	-	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**-**	**334 039**	**-**	**334 039**

The grant was used to establish and review Policies, By-laws, Internal Control Systems and the preparation of a GRAP-compliant Assets Register. No funds have been withheld.

23.7 National Government: Dept Water Affairs (DWA)

Balance unspent at beginning of year	2 320 880	5 243 537	2 320 880	5 243 537
Current year receipts	8 038 844	5 772 184	8 038 844	5 772 184
Conditions met - transferred to Revenue: Operating Expenses	(9 903 090)	(8 694 842)	(9 903 090)	(8 694 842)
Conditions met - transferred to Revenue: Capital Expenses	-	-	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**456 634**	**2 320 880**	**456 634**	**2 320 880**

This grant was used for the construction of dams,which will provide sustainable water supply to the communities of Umzimvubu and Matatiele local municipality areas . No funds have been withheld.

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

23.8 Provincial Government: Provincial Treasury

Balance unspent at beginning of year	7 270 361	3 610 897	7 270 361	3 610 897
Current year receipts	34 047 691	15 851 508	34 047 691	15 851 508
Conditions met - transferred to Revenue: Operating Expenses	(32 950 893)	(12 192 043)	(32 950 893)	(12 192 043)
Conditions met - transferred to Revenue: Capital Expenses	-	-	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**8 367 159**	**7 270 361**	**8 367 159**	**7 270 361**

This grant was received to assist in local economic development and the promotion of tourism. No funds have been withheld.

23.9 Provincial Government: Dept Cooperative Government & Traditional Affairs (COGTA)

Balance unspent at beginning of year	2 691 063	3 233 332	2 691 063	3 233 332
Current year receipts	371 245	2 850 000	371 245	2 850 000
Conditions met - transferred to Revenue: Operating Expenses	(1 841 420)	(3 392 269)	(1 841 420)	(3 392 269)
Conditions met - transferred to Revenue: Capital Expenses	-	-	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**1 220 888**	**2 691 063**	**1 220 888**	**2 691 063**

This grant is a contribution towards addressing HIV/AIDS issues in the areas of the local municipalities in the district and was used for the purchase of drugs, home-based care kits, etc. No funds have been withheld.

23.10 Provincial Government: Dept Transport

Balance unspent at beginning of year	-	-	-	-
Current year receipts	1 688 000	-	1 688 000	-
Conditions met - transferred to Revenue: Operating Expenses	(651 996)	-	(651 996)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**1 036 004**	**-**	**1 036 004**	**-**

The district municipalities are responsible for developing Integrated Transport Plans that will contribute towards a structured and sustainable transport model. No funds have been withheld.

23.11 Other Government: LGWSETA

Balance unspent at beginning of year	63 991	67 684	63 991	67 684
Current year receipts	518 965	56 307	518 965	56 307
Conditions met - transferred to Revenue: Operating Expenses	-	(60 000)	-	(60 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**582 956**	**63 991**	**582 956**	**63 991**

This grant was utilsed for the maintenance of roads in the jurisdiction area of the municipality. No funds have been withheld.

23.12 Other Government: Thetha

Balance unspent at beginning of year	32 481	32 481	32 481	32 481
Current year receipts	1 799 000	-	1 799 000	-
Conditions met - transferred to Revenue: Operating Expenses	-	-	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**1 831 481**	**32 481**	**1 831 481**	**32 481**

The local municipalities contributed towards a project to develop job descriptions and evaluate post levels within the municipalities. No funds have been withheld.

23.13 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (Act No 5 of 2012), government grant funding is expected to increase over the forthcoming three financial years.

24 PUBLIC CONTRIBUTIONS AND DONATIONS

Other Donations	106 579	92 200	106 579	92 200
Total Public Contributions and Donations	**106 579**	**92 200**	**106 579**	**92 200**

25 SERVICE CHARGES

Sale of Water	13 516 207	12 044 964	13 516 207	12 044 964
Sewerage and Sanitation Charges	1 896 399	2 172 305	1 896 399	2 172 305
Total Service Charges	**15 412 606**	**14 217 269**	**15 412 606**	**14 217 269**

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

26 RENTAL OF FACILITIES AND EQUIPMENT

Rental Revenue from Amenities	27 542	35 988	27 542	35 988
Rental Revenue from Buildings	207 480	193 460	207 480	193 460
Rental Revenue from Other Facilities	317	824 399	317	824 399
Total Rental of Facilities and Equipment	**235 340**	**1 053 846**	**235 340**	**1 053 846**

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

27 INTEREST EARNED

External Investments:				
Bank Account	49 581	62 513	102 330	79 162
Short-term Investments	10 851 997	4 213 065	10 851 997	4 213 065
Other Interest	454 934	5 274 115	454 934	5 274 115
	11 356 512	**9 549 692**	**11 409 261**	**9 566 341**
Outstanding Debtors:				
Outstanding Billing Debtors	97	21 414	97	21 414
	97	**21 414**	**97**	**21 414**
Total Interest Earned	**11 356 609**	**9 571 106**	**11 409 358**	**9 587 755**

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

Avaliable-for-Sale Financial Assets	11 356 512	9 549 692	11 409 261	9 566 341
Held-to-Maturity Investments	-	-	-	-
Loans and Receivables	97	21 414	97	21 414
	11 356 609	**9 571 106**	**11 409 358**	**9 587 755**

28 OTHER REVENUE

Refund Recieved	99 621	59 661	99 621	59 661
Sundry Income	805 569	1 468 255	805 569	1 468 255
Tender Deposits	959 595	165 453	959 595	165 453
VAT Recovery	3 030 896	(1 814 990)	3 030 896	(1 814 990)
Total Other Revenue	**4 895 680**	**(121 621)**	**4 895 680**	**(121 621)**

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 23 to 26, rendered which are billed to or paid for by the users as the services are required according to approved tariffs. Internal Recoveries are journalised from other trading and economic services.

29 EMPLOYEE RELATED COSTS

Employee Related Costs - Salaries and Wages	58 001 990	43 322 203	59 171 620	43 416 290
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	9 702 319	7 339 733	9 706 841	7 339 733
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	13 851 951	9 978 012	13 983 951	10 007 345
Housing Benefits and Allowances	2 476 132	2 436 207	2 596 132	2 446 207
Overtime Payments	990 749	779 025	990 749	779 025
Long Service, Service Bonuses and Leave	6 929 137	3 085 502	7 036 075	3 091 206
Defined Benefit Plan Expense:	301 227	239 553	301 227	239 553
Current Service Cost	156 559	167 322	156 559	167 322
Interest Cost	87 040	83 532	87 040	83 532
Net Actuarial (gains)/losses recognised	57 628	(11 301)	57 628	(11 301)
Total Employee Related Costs	**92 253 506**	**67 180 235**	**93 786 596**	**67 319 359**

No advances were made to employees. Loans to employees are set out in Note 15.

Remuneration of Section 57 Employees:

Municipality:

Remuneration of the Municipal Manager

Annual Remuneration	595 200	558 000	595 200	558 000
Performance Bonus	-	-	-	-
Car and Other Allowances	387 478	436 123	387 478	436 123
Company Contributions to UIF, Medical and Pension Funds	1 497	1 497	1 497	1 497
Total	**984 175**	**995 621**	**984 175**	**995 621**

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R
Remuneration of the Chief Financial Officer				
Annual Remuneration	511 355	480 000	511 355	480 000
Performance Bonus	-	40 000	-	40 000
Car and Other Allowances	329 432	329 441	329 432	329 441
Company Contributions to UIF, Medical and Pension Funds	1 497	1 497	1 497	1 497
Total	**842 284**	**850 938**	**842 284**	**850 938**
Remuneration of the Senior Manager: Community Services				
Annual Remuneration	498 225	460 978	498 225	460 978
Performance Bonus	-	-	-	-
Car and Other Allowances	279 825	319 833	279 825	319 833
Company Contributions to UIF, Medical and Pension Funds	1 497	1 497	1 497	1 497
Total	**779 547**	**782 308**	**779 547**	**782 308**
Remuneration of the Senior Manager: Corporate Services				
Annual Remuneration	-	90 000	-	90 000
Performance Bonus	-	-	-	-
Car and Other Allowances	-	73 534	-	73 534
Company Contributions to UIF, Medical and Pension Funds	-	15 749	-	15 749
Total	**-**	**179 282**	**-**	**179 282**
Remuneration of the Senior Manager: Economic Developmental Services				
Annual Remuneration	-	488 949	-	488 949
Performance Bonus	-	-	-	-
Car and Other Allowances	-	332 349	-	332 349
Company Contributions to UIF, Medical and Pension Funds	-	1 497	-	1 497
Total	**-**	**822 795**	**-**	**822 795**
Remuneration of the Senior Manager: Technical Services				
Annual Remuneration	572 000	480 000	572 000	480 000
Performance Bonus	-	-	-	-
Car and Other Allowances	328 000	426 349	328 000	426 349
Company Contributions to UIF, Medical and Pension Funds	1 497	1 497	1 497	1 497
Total	**901 497**	**907 846**	**901 497**	**907 846**
Remuneration of the Executive Manager: Office of the Mayor				
Annual Remuneration	494 458	-	494 458	-
Performance Bonus	-	-	-	-
Car and Other Allowances	240 333	-	240 333	-
Company Contributions to UIF, Medical and Pension Funds	1 497	-	1 497	-
Total	**736 289**	**-**	**736 289**	**-**
Entity:				
Remuneration of the Chief Executive Officer				
Annual Remuneration			659 223	50 375
Performance Bonus			-	-
Car and Other Allowances			357 980	21 000
Company Contributions to UIF, Medical and Pension Funds			-	3 500
Total			**1 017 203**	**74 875**

30 REMUNERATION OF COUNCILLORS / BOARD MEMBERS

Mayor	456 058	568 550	456 058	568 550
Speaker	341 707	454 702	341 707	454 702
Chief Whip	300 488	-	300 488	-
Executive Committee Members	2 022 447	926 824	2 022 447	926 824
Councillors / Board Members	930 375	(83 218)	952 402	43 527
Company Contributions to UIF, Medical and Pension Funds	489 058	-	489 058	-
Other Allowances (Cellular Phones, Housing, Transport, etc)	1 451 172	158 124	1 451 172	158 124
Total Councillors' Remuneration	**5 991 305**	**2 024 982**	**6 013 332**	**2 151 727**

In-kind Benefits

The Councillors occupying the positions of Executive Mayor, Speaker and Executive Committee Members of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

The Executive Mayor has use of a Council owned vehicle for official duties. Councillors may utilise official Council transportation when engaged in official duties.

The following additional personal support is provided by the municipality:

(i) The Mayor has one full-time bodyguard and one full-time driver.

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R
31 DEPRECIATION AND AMORTISATION				
Depreciation: Property, Plant and Equipment	31 031 324	30 190 900	31 074 789	30 202 345
Amortisation: Intangible Assets	198 063	81 762	204 852	85 334
Total Depreciation and Amortisation	**31 229 387**	**30 272 662**	**31 279 641**	**30 287 679**
32 IMPAIRMENT LOSSES				
32.1 Impairment Losses on Fixed Assets				
Impairment Losses Recognised:	-	5 988 722	-	5 988 722
Property, Plant and Equipment	-	5 988 722	-	5 988 722
Intangible Assets	-	-	-	-
Impairment Losses Reversed:	-	-	-	-
Property, Plant and Equipment	-	-	-	-
Intangible Assets	-	-	-	-
	-	**5 988 722**	**-**	**5 988 722**
32.2 Impairment Losses on Financial Assets				
Impairment Losses Recognised:	13 698	349 073	13 698	349 073
Long-term Receivables	-	-	-	-
Consumer Debtors	13 698	349 073	13 698	349 073
Other Debtors	-	-	-	-
Impairment Losses Reversed:	-	-	-	-
Long-term Receivables	-	-	-	-
Consumer Debtors	-	-	-	-
Other Debtors	-	-	-	-
	13 698	**349 073**	**13 698**	**349 073**
Total Impairment Losses	**13 698**	**6 337 795**	**13 698**	**6 337 795**
33 FINANCE COSTS				
Creditors Overdue	93 338	63 172	180 851	63 172
Loans and Payables at amortised cost	2 108 621	1 963 421	2 108 621	1 963 421
Total Interest Paid on External Borrowings	**2 201 958**	**2 026 592**	**2 289 471**	**2 026 592**

The weighted average capitalisation rate on funds borrowed generally is 6.74% per annum (2011: 7.97% per annum).

34 BULK PURCHASES				
Water	2 066 953	6 205 725	2 066 953	6 205 725
Total Bulk Purchases	**2 066 953**	**6 205 725**	**2 066 953**	**6 205 725**

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Bulk Water is purchased from the Department of Water Affairs.

35 CONTRACTED SERVICES				
Professional Fees	27 484 344	8 020 155	27 990 018	9 174 629
Security Services	4 746 698	2 170 633	4 746 698	2 170 633
Other Contracted Services	29 465 908	15 666 179	29 465 908	15 666 179
Total Contracted Services	**61 696 949**	**25 856 967**	**62 202 623**	**27 011 441**

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

36 GRANTS AND SUBSIDIES PAID

Operational Grants:	379 895 133	23 627 014	364 614 561	16 608 518
Community Projects	374 489 129	13 997 054	376 728 557	16 608 518
Low Income Subsidy / Free Basic Services	182 110	-	182 110	-
Other	5 223 893	9 629 960	(12 296 107)	-
Total Grants and Subsidies	**379 895 133**	**23 627 014**	**364 614 561**	**16 608 518**

Conditional Grants paid is in respect of projects undertaken by municipalities within the municipality's area of jurisdiction and funded by Alfred Nzo District Municipality.

Community Projects consist primarily of Ventilated Pit Latrines (VIPs) constructed for communities that have no access to sanitation services. This project is accelerated to deal swiftly with the municipality's sanitation backlog programme as funded through the Municipal Infrastructure Grant.

The **Low Income Subsidy** is in respect of providing basic service levels to indigent households. Refer to Note 23.1.

In respect of **Other Grants and Subsidies Paid**, the Mayor makes grants available on application after consultation with the Municipal Manager / Mayoral Committee on the merits of such an application.

Other Grants and Subsidies Paid include an amount of R7 815 868 (2011 R9 629 960) paid to the Entity, Alfred Nzo Development Agency.

37 GENERAL EXPENSES

Included in General Expenses are the following:

Accomodation	1 784 859	464 369	1 866 853	644 044
Advertising	177 174	197 093	177 174	284 309
Allowances	326 255	240 570	326 255	307 570
Bank Charges	181 422	83 563	195 013	87 410
Branding & Marketing	800 621	249 821	1 073 948	633 627
Catering & Venue Hire	1 830 825	1 174 030	1 846 410	1 197 668
Chemicals	1 264 343	725 331	1 264 343	725 331
Cleaning Materials	1 006 152	1 048 321	1 042 066	1 048 321
Electricity	7 101 654	4 622 830	7 162 782	4 622 830
Environmental Management	914 591	452 753	914 591	452 753
External Audit Fees	5 905 116	4 392 412	6 555 116	4 716 182
Fire & Rescue Services	2 196 356	992 476	2 196 356	992 476
Fuel & Oil	879 258	738 575	879 258	738 575
Hire of Facilities & Equipment	970 009	218 063	975 711	218 063
Insurance	1 134 104	904 969	1 134 104	904 969
Legal Fees	410 282	85 878	410 282	85 878
License Fees	536 239	248 352	565 546	275 724
Materials & Stores	34 612	493 469	34 612	493 469
Membership Fees	1 463 730	443 327	1 463 730	443 327
Newspaper & Periodicals	15 961	116 968	15 961	116 968
Occupational Health & Safety	-	1 086 742	-	1 086 742
Operational Expenses from Grants	1 318 714	339 426	1 318 714	339 426
Post & Telecommunication	3 484 607	2 531 249	3 485 325	2 540 961
Printing & Stationery	449 443	418 843	456 200	426 257
Protective Clothing	852 290	563 642	852 290	563 642
Recruitment Expenses	352 085	301 063	435 133	312 798
Subsistence & Travelling	14 634 497	9 896 880	14 915 596	10 371 233
Tools	5 964	-	55 782	-
Training	2 184 298	953 838	2 212 409	953 838
Other General Expenses	11 303 571	4 159 874	11 623 384	4 589 811
Total General Expenses	**63 519 033**	**38 144 727**	**65 454 945**	**40 174 202**

38 DISCONTINUED OPERATIONS

No operations have been discontinued.

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

39 CHANGE IN ACCOUNTING POLICY

Municipality / Group:
The municipality adopted the exempted portions of the following International Accounting Standards for the first time during the financial year 2011/12 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1. These have been implemented retrospectively as at 30 June 2012:

- GRAP 104 Financial Instruments

39.1 Reclassification of Accumulated Surplus

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

		Accumulated Surplus		Accumulated Surplus
Balances published as at 30 June 2010		**991 822 587**		**991 986 125**
Change in Accounting Policy:-				
Reallocation of Undisclosed Expenditure	-		(65 379)	
Undisclosed Transactions contained in Financial Statements for 2010/11	4 658 726	4 658 726	4 658 726	4 593 347
Correction of Error:-				
Reclassification in terms of IAS 19, Provisions - Note 40.4	(1 245 119)		(1 245 119)	
Reclassification in terms of Debtors' Reconciliation - Note 40.4	2 227 648		2 227 648	
Reclassification in terms of VAT Reconciliation - Note 40.4	4 412 707		4 412 707	
Reclassification in terms of GRAP 13, Lease Receivables - Note 40.4	816		816	
Reclassification in terms of External Loans Reconciliation - Note 40.4	0		0	
Reclassification in terms of GRAP 13, Lease Payables - Note 40.4	(9 547)		(9 547)	
Reclassify in terms of Leave Pay Accrual - Note 40.4	-		-	
Reclassification in terms of Accrual Reconciliation - Note 40.4	232 685		232 685	
Reclassification in terms of Interest Calculation - Note 40.4	18 346		18 346	
Reclassification in terms of Intangible Assets Reconciliation - Note 40.4	55 896		55 896	
Reclassification in terms of NC Receivables Reconciliation - Note 40.4	(12 915)		(12 915)	
Reclassification in terms of PPE Reconciliation - Note 40.4	2 025 913		2 025 913	
Reclassification in terms of Bank Reconciliation - Note 40.4	(552)	7 705 878	(552)	7 705 878
Restated Balances as at 30 June 2010		**1 004 187 191**		**1 004 285 350**
Transactions incurred for the Year 2010/11		131 163 884		134 734 194
Restated Balances as at 30 June 2011		**1 135 351 076**		**1 139 019 545**

GRAP 104 - Financial Instruments
The municipality opted to develop an Accounting Policy based on GRAP 104, Financial Instruments.

39.2 Reclassification of Financial Instruments

The municipality opted to develop an Accounting Policy based on GRAP 104, Financial Instruments. The effect of this change in Accounting Policy is summarised in the following table that indicates the effect of the classification and measurement adjustments to the municipality's Financial Instruments as at 01 July 2010.

	Old Classification as per IAS 39	Classification per GRAP 104	Old Carrying Amount	New Carrying Amount	Old Carrying Amount	New Carrying Amount
FINANCIAL ASSETS:						
Non-current Investments						
Unlisted Investments	Held to maturity	Amortised cost	100	100	-	-
Fixed Deposits	Held to maturity	Amortised cost	16 710 835	16 710 835	16 710 835	16 710 835
Long-term Receivables						
Car Loans	Loans and receivables	Amortised cost	347 343	347 343	347 343	347 343
Trade Receivables from Exchange Transactions						
Sewerage	Loans and receivables	Amortised cost	941 341	941 341	941 341	941 341
Water	Loans and receivables	Amortised cost	14 879 791	14 879 791	14 879 791	14 879 791
Other Trade	Loans and receivables	Amortised cost	607 231	607 231	607 231	607 231
Trade Receivables from Non-exchange Transactions						
Accruals	Loans and receivables	Amortised cost	766 577	766 577	766 577	766 577
Sundry Debtors	Loans and receivables	Amortised cost	3 626 841	3 626 841	3 641 456	3 641 456
Bank,Cash and Cash Equivalents						
Call Deposits	Available for sale	Fair value	22 888 653	22 888 653	22 906 479	22 906 479
Bank Balances	Available for sale	Fair value	2 433 437	2 433 437	2 763 030	2 763 030
Cash Floats and Advances	Available for sale	Fair value	(0)	(0)	1 700	1 700
Current Portion of Long-term Receivables						
Car Loans	Loans and receivables	Amortised cost	388 095	388 095	388 095	388 095

			Municipality		Group	
			2012 R	2011 R	2012 R	2011 R
FINANCIAL LIABILITIES:						
Long-term Liabilities						
Annuity Loans	Financial liabilities at amortised cost	Amortised cost	21 738 000	21 738 000	21 738 000	21 738 000
Creditors						
Trade Creditors	Financial liabilities at amortised cost	Amortised cost	31 346 517	31 346 517	32 440 975	32 440 975
Payments received in Advance	Financial liabilities at amortised cost	Amortised cost	403 549	403 549	403 549	403 549
Projects	Financial liabilities at amortised cost	Amortised cost	4 500 189	4 500 189	4 500 189	4 500 189
Staff Salaries	Financial liabilities at amortised cost	Fair value	(421 861)	(421 861)	(421 861)	(421 861)
Staff Leave Accrued	Financial liabilities at amortised cost	Amortised cost	3 121 008	3 121 008	3 126 712	3 126 712
Other Creditors	Financial liabilities at amortised cost	Amortised cost	6 238 073	6 238 073	2 312 934	2 312 934
Bank Overdraft						
Bank Overdraft	Financial liabilities at amortised cost	Fair value	71 805	71 805	71 805	71 805
Current Portion of Long-term Liabilities						
Annuity Loans	Financial liabilities at amortised cost	Amortised cost	2 891 220	2 891 220	2 891 220	2 891 220

		2012 R	2011 R	2012 R	2011 R
Effect of the Change in Accounting Policy:					
The effect of the above-mentioned changes in Accounting Policies on the profit and loss is an increase of R4 658 726 for the financial year 2010/11 and the nature of the changes in the Accounting Policies is as follows:					
- GRAP 17	Property, Plant and Equipment	-	4 658 726	-	4 658 726
- GRAP 104	Financial Instruments	-	-	-	-
Total Decrease / (Increase) in Surplus as at 30 June		**-**	**4 658 726**	**-**	**4 658 726**

The above-mentioned changes in Accounting Policies had no effect on the Accumulated Surplus as at 30 June 2011 and the Accumulated Surplus of prior years was not affected either.

40 CORRECTION OF ERROR

Municipality / Group:
Corrections were made during the previous financial years. Details of the corrections are described below:

40.1 Reclassification of Revenue

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

	2010/11 Revenue	2011/12 Revenue	Restated Amount
Service Charges	14 402 805	14 402 805	-
Rental of Facilities and Equipment	1 148 994	1 054 040	94 954
Interest Earned - External Investments	9 549 692	9 549 692	-
Income for Agency Services	-	14 213	(14 213)
Government Grants and Subsidies Received	332 224 994	325 382 390	6 842 604
Public Contributions and Donations	-	92 200	(92 200)
Other Income	2 345 949	(121 621)	2 467 571
	359 672 434	**350 373 718**	**9 298 715**

The Restated Amounts above are because of the following corrections made:

	Rental of Facilities	Agency Services	Government Grants	Public Contributions	Other Income
Balance previously reported	**1 148 994**	**-**	**332 224 994**	**-**	**2 345 949**
Communication Rental	8 196				(8 196)
Ostersund - Alfred Nzo Partners	(103 150)		103 150		
Commission Received - Garnishees		14 213			(14 213)
Drought Relief			(6 945 954)		
E/I Grants Income			200		(200)
Donations Received				92 200	(92 200)
VAT Recovery - Income Vote					(1 814 990)
Other - Appropriations Made					(537 771)
Restated Balance now reported	**1 054 040**	**14 213**	**325 382 390**	**92 200**	**(121 621)**

	Municipality		Group	
	2012	2011	2012	2011
	R	R	R	R

40.2 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	2010/11 Expenditure	2011/12 Expenditure	Restated Amount
Employee Related Costs	64 801 360	64 808 844	(7 484)
Remuneration of Councillors	2 763 417	2 763 417	-
Depreciation and Amortisation	30 959 716	30 959 716	(0)
Impairment Losses	6 010 897	6 010 898	(0)
Repairs and Maintenace	17 719 762	17 721 612	(1 850)
Finance Costs	2 025 780	2 025 851	(71)
Bulk Purchases	6 205 725	6 205 725	-
Contracted Services	2 673 110	17 479 606	(14 806 496)
Grants and Subsidies Paid	9 629 960	21 105 669	(11 475 709)
General Expenses	72 205 957	37 147 710	35 058 247
Surplus for the Year	144 676 749	144 144 671	532 079
	359 672 434	**350 373 718**	**9 298 715**

The Restated Amounts above are because of the following corrections made:

	Employee Costs	Repairs & Maintenance	Finance Costs	Contracted Services	Grants Paid
Balance previously reported	**64 801 360**	**17 719 762**	**2 025 780**	**2 673 110**	**9 629 960**
Long Service Bonuses	5 362				
Unemployment Insurance Fund	2 194				
Penalties	(71)		71		
Computer Accessories		1 850			
Business Process Re-engineering				59 180	
By-Laws Services				26 152	
Consultancy and Professional Fees				6 257 243	
Conversion to GRAP Services				299 996	
Disaster Management Services				949 998	
Employment Equity Services				121 934	
Internal Audit Expenses				(502 476)	
IT Strategy and Policies				2 311	
Job Evaluation Services				47 461	
ISRDP				903 521	
Laboratory Analysis Services				105 342	
Municipal Performance Management				204 957	
Organisation Development Services				61 285	
Organogram Review Services				3 000	
Risk Assessment Services				379 120	
Rural Areas Disaster Intervention				65 324	
Spatial Planning Services				38 636	
TFC's				218 766	
VAT Recovery Services				5 292 445	
Water Quality Services				69 233	
Water Services Development				203 069	
Aids Awareness					22 333
Awareness Campaigns					176 196
Care & Support					125 016
Children's Growth & Development					68 723
Community Outreach					150 309
Community Development					202 271
Disaster					11 034
District Disability Summit					50 252
District Elderly Programme					60 344
EPWP					8 166 312
Gender Development Plan					344 856
LED Capacity					171 500
Library Services					284 696
Livestock & Poultry					999 459
Mitigating the Impact of Health Risk					6 318
Sports & Recreation					582 703
Youth Economic Summit					53 387
Restated Balance now reported	**64 808 844**	**17 721 612**	**2 025 851**	**17 479 606**	**21 105 669**

	General Expenses	Surplus for Year
Balance previously reported	**72 205 957**	**144 676 749**
Drought Relief	(6 945 954)	
VAT Recovery - Income Vote	(1 814 990)	
Long Service Bonuses	(5 362)	
Unemployment Insurance Fund	(2 194)	
Computer Accessories	(1 850)	
Contracted Services	(14 806 496)	
Grants & Subsidies Paid	(11 475 709)	
Depreciation ex NDR - Appropriations	(5 693)	5 693
Other - Appropriations Made		(537 772)
Restated Balance now reported	**37 147 710**	**144 144 671**

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

40.3 Reclassification of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Correction of Error is as follows:

	2010/11 Expenditure	2011/12 Expenditure	Restated Amount
Current Assets			
Inventory	1 788 865	1 788 865	-
Trade Receivables from Exchange Transactions	16 346 104	12 917 731	3 428 373
Trade Receivables from Non-exchange Transactions	7 011 916	3 614 151	3 397 765
VAT Receivable	26 051 166	29 479 540	(3 428 373)
Bank, Cash and Cash Equivalents	25 451 262	25 323 090	128 172
Current Portion of Long-term Receivables	838 689	388 095	450 594
Non-Current Assets			
Property, Plant and Equipment	1 126 983 637	1 126 983 638	(1)
Intangible Assets	286 727	286 727	-
Non-current Investments	16 710 935	16 710 935	-
Long-term Receivables	-	361 330	(361 330)
Current Liabilities			
Creditors	(38 443 642)	(38 137 453)	(306 189)
Unspent Conditional Grants and Receipts	(17 216 652)	(13 907 641)	(3 309 011)
Bank Overdraft	(72 253)	(72 253)	(0)
Current Portion of Long-term Liabilities	(2 891 220)	(2 891 220)	-
Non-Current Liabilities			
Long-term Liabilities	(22 219 551)	(22 219 551)	-
Net Assets			
Accumulated Surplus / (Deficit)	(1 140 625 984)	(1 140 625 984)	1
	0	**-**	**0**

The Restated Amounts above are because of the following corrections made:

	Consumer Debtors	Other Debtors	VAT Receivable	Bank and Cash	Current Portion
Balance previously reported	**16 346 104**	**7 011 916**	**26 051 166**	**25 451 262**	**838 689**
Transfer VAT - Payments Method	(3 428 373)		3 428 373		
Transfer Current Portion		450 594			(450 594)
Transfer Staff Loans - LT Debtors		(361 330)			
Transfer Salaries - Creditors		(178 017)			
Transfer Conditional Grants		(3 309 012)			
Transfer Credit Cards - Creditors				(128 172)	
Restated Balance now reported	**12 917 731**	**3 614 151**	**29 479 540**	**25 323 090**	**388 095**

	PPE	Long-term Debtors	Creditors	Conditional Grants	Accumulated Surplus
Balance previously reported	**1 126 983 637**	**-**	**(38 443 642)**	**(17 216 652)**	**(1 140 625 984)**
Rounding Difference	1			(2)	(1)
Transfer Staff Loans - LT Debtors		361 330			
Transfer Salaries - Creditors			178 017		
Transfer Credit Cards - Creditors			128 173		
Transfer Conditional Grants				3 309 012	
Restated Balance now reported	**1 126 983 638**	**361 330**	**(38 137 453)**	**(13 907 641)**	**(1 140 625 984)**

	Municipality		Group	
	2012	2011	2012	2011
	R	R	R	R

40.4 Reclassification of Statement of Financial Position

Opening balances and prior year amounts of items in the Statement of Financial Position have been restated as indicated below:

Inventories:
The **prior year amounts** for *Inventories* and General Expenses have been restated to correctly disclose the amount for Inventories held by the municipality in terms of Inventories Reconciliation performed during the current financial year.

Trade Receivables from Exchange Transactions:
The **opening balances** of *Trade Receivables from Exchange Transactions* , Payables and Accumulated Surplus have been restated to correctly disclose the amount for Debtors held by the municipality in terms of Debtors' Reconciliations performed during the current financial year.

The **prior year amounts** for *Trade Receivables from Exchange Transactions* , VAT Receivable, Payables and Service Charges have been restated to correctly disclose the amount for Debtors held by the municipality in terms of Debtors' Reconciliations performed during the current financial year.

Furthermore, the **prior year amounts** for *Trade Receivables from Exchange Transactions* and Impairment Losses Expenditure have been restated to correctly disclose the amount for Debtors held by the municipality in terms of Bad Debt Reconciliations performed during the current financial year.

Trade Receivables from Non-exchange Transactions:
The **opening balances** of *Trade Receivables from Non-exchange Transactions,* VAT Receivable and Accumulated Surplus have been restated to correctly disclose the amount for Debtors held by the municipality in terms of VAT Reconciliations performed during the current financial year.

Furthermore, the **opening balances** of *Trade Receivables from Non-exchange Transactions* and Accumulated Surplus have been restated to correctly disclose the amount for Debtors held by the municipality in terms of Interest Reconciliations performed during the current financial year.

The **prior year amounts** for *Trade Receivables from Non-exchange Transactions* , VAT Receivable and Contracted Services have been restated to correctly disclose the amount for Debtors held by the municipality in terms of VAT Reconciliations performed during the current financial year.

Furthermore, the **prior year amounts** for *Trade Receivables from Non-exchange Transactions* and Interest on Debtors have been restated to correctly disclose the amount for Debtors held by the municipality in terms of Interest Reconciliations performed during the current financial year.

Furthermore, the **prior year amounts** for *Trade Receivables from Non-exchange Transactions* and Councillor Remuneration have been restated to correctly disclose the amount for Debtors held by the municipality in terms of Payroll Reconciliations performed during the current financial year.

Bank and Cash Equivalents:
The **opening balances** for *Bank and Cash Equivalents* and Accumulated Surplus have been restated to correctly disclose the amount for Bank and Cash Equivalents held by the municipality in terms of Banks Reconciliation performed during the current financial year.

VAT Receivable:
The **opening balances** of *VAT Receivable* , Trade Receivables from Non-exchange Transactions and Accumulated Surplus have been restated to correctly disclose the amount for VAT held by the municipality in terms of VAT Reconciliations performed during the current financial year.

Furthermore, the **opening balances** of *VAT Receivable* , Payables and Accumulated Surplus have been restated to correctly disclose the amount for VAT held by the municipality in terms of Accrual Reconciliations performed during the current financial year.

The **prior year amounts** for *VAT Receivable* , Trade Receivables from Exchange Transactions, Payables and Service Charges have been restated to correctly disclose the amount for VAT held by the municipality in terms of Debtors' Reconciliations performed during the current financial year.

Furthermore, the **prior year amounts** for *VAT Receivable* , Trade Receivables from Non-exchange Transactions and Contracted Services have been restated to correctly disclose the amount for VAT held by the municipality in terms of VAT Reconciliations performed during the current financial year.

Furthermore, the **prior year amounts** for *VAT Receivable* , Employee Costs, Repairs & Maintenance, Finance Cost, Contracted Services, Grants & Subsidies Paid and General Expense have been restated to correctly disclose the amount for VAT held by the municipality in terms of Accrual Reconciliations performed during the current financial year.

Operating Lease Receivables:
The **opening balances** of *Operating Lease Receivables* and Accumulated Surplus have been restated to correctly disclose the amount for Debtors held by the municipality in terms of the calculation of Straight-lining of Leases in terms of GRAP 13, performed during the current financial year.

The **prior year amounts** for *Operating Lease Receivables* and Rental of Facilities have been restated to correctly disclose the amount for Debtors held by the municipality in terms of the calculation of Straight-lining of Leases in terms of GRAP 13, performed during the current financial year.

Property, Plant and Equipment:
The **opening balances** of *Trade Receivables from Non-exchange Transactions,* VAT Receivable and Accumulated Surplus have been restated to correctly disclose the amount for Debtors held by the municipality in terms of VAT Reconciliations performed during the current financial year.

Furthermore, the **opening balances** of *Trade Receivables from Non-exchange Transactions* and Accumulated Surplus have been restated to correctly disclose the amount for Debtors held by the municipality in terms of Interest Reconciliations performed during the current financial year.

The **prior year amounts** for *Trade Receivables from Non-exchange Transactions* , VAT Receivable and Contracted Services have been restated to correctly disclose the amount for Debtors held by the municipality in terms of VAT Reconciliations performed during the current financial year.

Furthermore, the **prior year amounts** for *Trade Receivables from Non-exchange Transactions* and Interest on Debtors have been restated to correctly disclose the amount for Debtors held by the municipality in terms of Interest Reconciliations performed during the current financial year.

	Municipality		Group	
	2012	2011	2012	2011
	R	R	R	R

Long-term Liabilities:
The **opening balances** of *Long-term Liabilities* and Payables have been restated to correctly disclose arrear loan instalment payments and interest accrued to 30 June 2010 on external loans, previously capitalised to Non-Current Liabilities in error.

Furthermore, the **prior year amounts** for *Long-term Liabilities* and Payables have been restated to correctly disclose arrear loan instalment payments and interest accrued to 30 June 2011 on external loans, previously capitalised to Non-Current Liabilities in error.

Payables:
The **opening balances** of *Payables* , Trade Receivables from Exchange Transactions and Accumulated Surplus have been restated to correctly disclose the amount for Debtors held by the municipality in terms of Debtors' Reconciliations performed during the current financial year.

Furthermore, the **opening balances** of *Payables* and Long-term Liabilities have been restated to correctly disclose arrear loan instalment payments and interest accrued to 30 June 2010 on external loans, previously capitalised to Non-Current Liabilities in error.

Furthermore, the **prior year amounts** for *Payables* , Trade Receivables from Exchange Transactions, VAT Receivable and Service Charges have been restated to correctly disclose the amount for Debtors held by the municipality in terms of Debtors' Reconciliations performed during the current financial year.

Furthermore, the **prior year amounts** for *Payables* and Long-term Liabilities have been restated to correctly disclose arrear loan instalment payments and interest accrued to 30 June 2011 on external loans, previously capitalised to Non-Current Liabilities in error.

Furthermore, the **prior year amounts** for *Payables* and Employee Related Costs have been restated to correctly disclose Staff Leave accrued to 30 June 2011 for DWA staff, previously not provided for.

Operating Lease Liabilities:
The **opening balances** of *Operating Lease Liabilities* and Accumulated Surplus have been restated to correctly disclose the amount for Creditors payable by the municipality in terms of the calculation of Straight-lining of Leases in terms of GRAP 13, performed during the current financial year.

Furthermore, the **prior year amounts** for *Operating Lease Liabilities* and Genral Expenses have been restated to correctly disclose the amount for Creditors payable by the municipality in terms of the calculation of Straight-lining of Leases in terms of GRAP 13, performed during the current financial year.

The effect of the Correction of Error is as follows:

	Inventories	Consumer Debtors	Other Debtors
Balances previously published per AFS as at 30 June 2010	**1 500 913**	**14 827 753**	**21 930 057**
Reclassify opening balance to Debtors' Reconciliation	-	(3 902 266)	-
Reclassify opening balance to VAT Reconciliation	-	-	(21 826 128)
Reclassify opening balance to Interest Calculation	-	-	18 346
Balances now published per AFS as at 30 June 2010	**1 500 913**	**10 925 487**	**122 275**
Transactions incurred for the Year 2010/11	287 952	(1 910 022)	(18 315 906)
Reclassify transactions to Debtors' Reconciliation	-	7 761 972	-
Reclassify transactions to VAT Reconciliation	-	-	21 826 128
Reclassify transactions to Interest Calculation	-	-	22 486
Reclassify transactions to Salaries Reconciliation	-	-	738 435
Reclassify transactions to Bad Debts Reconciliation	-	(349 073)	-
Reclassify transactions to Inventory Reconciliation	151 426	-	-
Balances now published per AFS as at 30 June 2011	**1 940 291**	**16 428 363**	**4 393 418**

	Bank & Cash Equivalents	VAT Receivable	Lease Receivables	PPE
Balances previously published per AFS as at 30 June 2010	**28 394 301**	**2 398 392**	**-**	**1 007 333 134**
Reclassify opening balance to VAT Reconciliation	-	26 238 835		
Reclassify opening balance to Accruals Reconciliation	-	(366)		
Recognition of Lease Receivables	-	-	816	-
Reclassify opening balance to Intangible Assets Reconciliation	-	-	-	106 700
Reclassify opening balance to PPE Reconciliation	-	-	-	1 925 913
Reclassify opening balance to Bank Reconciliation	(552)	-	-	-
Balances now published per AFS as at 30 June 2010	**28 393 749**	**28 636 861**	**816**	**1 009 365 747**
Transactions incurred for the Year 2010/11	(3 143 464)	27 081 148	-	119 650 504
Reclassify transactions to Debtors' Reconciliation	-	(1 414 045)		
Reclassify transactions to VAT Reconciliation	-	(26 847 963)		
Reclassify transactions to Accrual Reconciliation	-	705 545	-	-
Recording of straight-lining for the Year 2011/12	-	-	(194)	-
Reclassify transactions to Intangible Assets Reconciliation	-	-	-	40 860
Reclassify transactions to PPE Reconciliation	-	-	-	674 695
Balances now published per AFS as at 30 June 2011	**25 250 285**	**28 161 546**	**622**	**1 129 731 806**

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R
	Intangible Assets	**Heritage Assets**	**Non-current Receivables**	
Balances previously published per AFS as at 30 June 2010	**263 764**	**-**	**262 832**	
Reclassify opening balance to Intangible Assets Reconciliation	(50 804)	-	-	
Reclassify opening balance to NC Receivables Reconciliation	-	-	(12 915)	
Reclassify opening balance to PPE Reconciliation		100 000	-	
Balances now published per AFS as at 30 June 2010	**212 960**	**100 000**	**249 917**	
Transactions incurred for the Year 2010/11	22 963	-	98 498	
Reclassify transactions to Intangible Assets Reconciliation	(30 025)	-	-	
Reclassify transactions to NC Receivables Reconciliation	-	-	(1 072)	
Balances now published per AFS as at 30 June 2011	**205 898**	**100 000**	**347 343**	

	Long-term Liabilities	**Non-current Provisions**	**Current Provisions**
Balances previously published per AFS as at 30 June 2010	**(25 147 993)**	**-**	**-**
Reclassify opening balance to requirements of IAS 19	-	(1 041 639)	(203 480)
Reclassification of DBSA Instalments in Arrear	1 471 862	-	-
Reclassification of External Interest Accrued	497 503	-	-
Balances now published per AFS as at 30 June 2010	**(23 178 627)**	**(1 041 639)**	**(203 480)**
Transactions incurred for the Year 2010/11	2 928 441	-	-
Reclassify transactions to requirements of IAS 19	-	(89 746)	53 673
Reclassification of DBSA Instalments in Arrear	(1 471 556)	-	-
Reclassification of External Interest Accrued	(16 258)	-	-
Balances now published per AFS as at 30 June 2011	**(21 738 000)**	**(1 131 385)**	**(149 807)**

	Payables	**Unspent Grants**	**Lease Liabilities**
Balances previously published per AFS as at 30 June 2010	**(39 659 285)**	**(33 572 695)**	**-**
Reclassify opening balance to Debtors' Reconciliation	6 129 914	-	-
Reclassification of DBSA Instalments in Arrear	(1 471 862)	-	-
Reclassification of External Interest Accrued	(497 503)	-	-
Reclassify opening balance to Accruals Reconciliation	233 050	-	-
Recognition of Lease Liabilities	-	-	(9 547)
Balances now published per AFS as at 30 June 2010	**(35 265 686)**	**(33 572 695)**	**(9 547)**
Transactions incurred for the Year 2010/11	1 521 832	19 665 054	-
Reclassify transactions to Debtors' Reconciliation	(6 533 463)	-	-
Reclassification of DBSA Instalments in Arrear	1 471 556	-	-
Reclassification of External Interest Accrued	16 258	-	-
Recording Staff Leave for the Year 2011/12	(689 917)	-	-
Reclassify transactions to Accrual Reconciliation	(6 189 608)	-	-
Recording of straight-lining for the Year 2011/12	-	-	5 433
Reclassify transactions to Grants Reconciliation	-	(3 309 012)	-
Reclassify transactions to Capital Grants Reconciliation	-	492 678	-
Balances now published per AFS as at 30 June 2011	**(45 669 027)**	**(16 723 975)**	**(4 113)**

40.5 Reclassification of Statement of Financial Performance

Prior year amounts of items in the Statement of Financial Performance have been restated as indicated below:.

Service Charges:
The prior year amounts for *Service Charges* , Trade Receivables from Exchange Transactions and VAT Receivable have been restated to correctly disclose the revenue for Service Charges in terms of Debtors' Reconciliations performed during the current financial year.

Rental of Facilities:
The **prior year amounts** for *Rental of Facilities* and Operating Lease Receivables have been restated to correctly disclose the revenue for Rental of Facilities in terms of the calculation of Straight-lining of Leases in terms of GRAP 13, performed during the current financial year.

Employee Related Costs:
The **prior year amounts** for *Employee Related Costs* and Payables have been restated to correctly disclose the expenditure for Staff Leave accrued to 30 June 2011 for DWA staff, previously not provided for.

Contracted Services:
The **prior year amounts** for *Contracted Services* , Trade Receivables from Non-exchange Transactions and VAT Receivable have been restated to correctly disclose the expenditure of the municipality in terms of VAT Reconciliations performed during the current financial year.

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

General Expenses:
The **prior year amounts** for *General Expenses* and Operating Lease Liabilities have been restated to correctly disclose the expenditure of the municipality in terms of the calculation of Straight-lining of Leases in terms of GRAP 13, performed during the current financial year.

The effect of the Correction of Error is as follows:

	Grants Received	Service Charges
Amount per AFS previously published for 2010/11	**(325 382 390)**	**(14 402 805)**
Reclassify transactions to Debtors' Reconciliation	-	185 536
Reclassify transactions to Capital Grants Reconciliation	(492 678)	-
Restated Amount currently disclosed for 2010/11	**(325 875 068)**	**(14 217 269)**

		Rental of Facilities	Interest on Debtors	Other Revenue
Amount per AFS previously published for 2010/11		**(1 054 040)**	**-**	**121 621**
Recording of straight-lining for the Year 2011/12		194		
Reclassify transactions to Interest Calculation		-	(22 486)	-
Reclassify transactions to NC Receivables Reconciliation	-	-	1 072	-
Restated Amount currently disclosed for 2010/11	**-**	**(1 053 846)**	**(21 414)**	**121 621**

	Employee Costs	Councillor Remuneration	Depreciation
Amount per AFS previously published for 2010/11	**64 808 844**	**2 763 417**	**30 959 716**
Recording Staff Leave for the Year 2011/12	689 917	-	-
Reclassify transactions to requirements of IAS 19	36 073	-	-
Reclassify transactions to Accrual Reconciliation	187 557	-	-
Reclassify transactions to Grants Reconciliation	1 457 843	-	-
Reclassify transactions to Salaries Reconciliation	-	(738 435)	-
Reclassify transactions to Intangible Assets Reconciliation	-	-	(10 835)
Reclassify transactions to PPE Reconciliation	-	-	(676 219)
Restated Amount currently disclosed for 2010/11	**67 180 235**	**2 024 982**	**30 272 662**

	Impairment Losses	Repairs & Maintenance	Finance Costs
Amount per AFS previously published for 2010/11	**6 010 898**	**17 721 612**	**2 025 851**
Reclassify transactions to Accrual Reconciliation		139 885	741
Reclassify transactions to Bad Debts Reconciliation	349 073	-	-
Reclassify transactions to PPE Reconciliation	(22 176)	-	-
Restated Amount currently disclosed for 2010/11	**6 337 795**	**17 861 497**	**2 026 592**

	Contracted Services	Grants & Subsidies Paid	General Expenses
Amount per AFS previously published for 2010/11	**17 479 606**	**21 105 669**	**37 147 710**
Reclassify transactions to VAT Reconciliation	5 021 835		-
Recording of straight-lining for the Year 2011/12	-		(5 433)
Reclassify transactions to Accrual Reconciliation	1 936 255	2 497 645	721 978
Reclassify transactions to Grants Reconciliation	1 419 271	-	431 898
Reclassify transactions to Inventory Reconciliation	-	-	(151 426)
Reclassify transactions to PPE Reconciliation	-	23 700	-
Restated Amount currently disclosed for 2010/11	**25 856 967**	**23 627 014**	**38 144 727**

41 CHANGE IN ACCOUNTING ESTIMATES

Municipality / Group:
The municipality did not receive any new information or notice of new developments during the financial year that need to be disclosed in terms of GRAP 3.

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

42 CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year	10 020 020	131 163 884	21 169 819	134 734 194
Adjustment for:				
Changes in Accounting Policies	-	4 658 726	(530 985)	4 593 347
Correction of Prior Year Errors	-	-	-	-
Depreciation and Amortisation	31 229 387	30 272 662	31 279 641	30 287 679
Impairment Losses on Property, Plant and Equipment	-	5 988 722	-	5 988 722
Other Movement on Property, Plant and Equipment	350 190 867	5 655 571	350 190 867	5 655 571
Contribution to Provisions - Non-current	301 227	239 553	301 227	239 553
Expenditure incurred from Provisions - Current	(149 807)	(203 480)	(149 807)	(203 480)
Expenditure incurred from Provisions - Non-current	-	-	-	-
Contribution to Impairment Provision	13 698	349 073	13 698	349 073
Operating Surplus before working capital changes	**391 605 392**	**178 124 711**	**402 274 460**	**181 644 659**
Decrease/(Increase) in Inventories	(2 462 044)	(439 378)	(2 462 044)	(439 378)
Decrease/(Increase) in Receivables from Exchange Transactions	(10 844 651)	(5 851 950)	(10 844 651)	(5 851 950)
Decrease/(Increase) in Receivables from Non-exchange Transactions	(2 980 765)	(4 271 144)	(2 966 970)	(4 393 164)
Decrease/(Increase) in VAT Receivable	9 034 285	475 315	8 812 218	178 381
Decrease/(Increase) in Operating Lease Receivables	(652)	194	(652)	194
Decrease/(Increase) in Current Portion of Long-term Receivables	195 543	152 113	195 543	152 113
Increase/(Decrease) in Payables	8 421 950	10 403 341	5 015 581	7 654 159
Increase/(Decrease) in Conditional Grants and Receipts	1 250 813	(16 848 720)	1 250 813	(16 848 720)
Increase/(Decrease) in Operating Lease Liabilities	25 788	(5 433)	25 788	(5 433)
Cash generated by / (utilised in) Operations	**394 245 659**	**161 739 049**	**401 300 086**	**162 090 861**

43 NON-CASH INVESTING AND FINANCING TRANSACTIONS

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2011/12 financial year.

44 FINANCING FACILITIES

The municipality did not have any Financing Facilities available at any time during the two financial years.

45 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities (See Note 20)	31 291 341	24 629 220	31 291 341	24 629 220
Used to finance Property, Plant and Equipment - at cost	(31 291 341)	(24 629 220)	(31 291 341)	(24 629 220)
Sub-total	-	-	-	-
Cash set aside for the Repayment of Long-term Liabilities (See Notes 7 and 14)	-	-	-	-
Cash invested for Repayment of Long-term Liabilities	**-**	**-**	**-**	**-**

Long-term Liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash is available to ensure that Long-term Liabilities can be repaid on the scheduled redemption dates.

46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

46.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:				
Opening balance	13 141 422	-	13 141 422	-
Unauthorised Expenditure current year	-	13 141 422	-	13 141 422
Approved by Council or condoned	-	-	-	-
To be recovered – contingent asset (see Note 51)	-	-	-	-
Transfer to receivables for recovery (see Note 5)	-	-	-	-
Unauthorised Expenditure awaiting authorisation	**13 141 422**	**13 141 422**	**13 141 422**	**13 141 422**

Incident		Disciplinary Steps / Criminal Proceedings
Budgeted amounts exceeded:-		*To be condoned by Executive Committee*
- Budgeted amounts exceeded - (2011: R13 141 422)		

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

46.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:				
Opening balance	142 178	79 006	142 178	79 006
Fruitless and Wasteful Expenditure current year	106 088	63 172	193 601	64 427
Condoned or written off by Council	-	-	-	-
To be recovered – contingent asset (see Note 51)	-	-	-	-
Transfer to receivables for recovery (see Note 5)	-	-	-	(1 255)
Fruitless and Wasteful Expenditure awaiting condonement	**248 266**	**142 178**	**335 779**	**142 178**

Incident	Disciplinary Steps / Criminal Proceedings
Interest on late payments - R93 338 (2011: R63 172)	*To be condoned by Mayoral Committee*
Catering at Qwidlana - R6 750 (2011: R0)	*To be condoned by Mayoral Committee*
Bus to memorial service - R6 000 (2011: R0)	*To be condoned by Mayoral Committee*
Entity:	
- Interest on late payments - R87 513 (2011: R0)	*To be condoned by Board*
- Penalty on late return of vehicle - R0 (2011: R1 255)	*Recovered from Board Member*

46.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:				
Opening balance	2 197 828	-	3 198 735	-
Irregular Expenditure current year	34 234 978	2 197 828	34 234 978	3 198 735
Condoned or written off by Council	-	-	-	-
To be recovered – contingent asset (see Note 51)	-	-	-	-
Transfer to receivables for recovery (see Note 5)	-	-	-	-
Irregular Expenditure awaiting condonement	**36 432 806**	**2 197 828**	**37 433 713**	**3 198 735**

Incident	Disciplinary Steps / Criminal Proceedings
Wild Coast Sun accommodation - R594 500 (2011: R0)	*To be condoned by Mayoral Committee*
Repairs at Disaster Office, Mount Frere - R394 440 (2011: R0)	*To be condoned by Mayoral Committee*
Irregular expenditure also includes R6 610 279 (2011: R1 448 947) million for expenditure incurred contrary to Supply Chain Management processes as described in Note 58.7	*To be condoned by Mayoral Committee*
Expenditure of R26 635 759 (2011: R748 881) contrary to the provisions of paragraph 44 of the Municipal Supply Chain Management Regulations as described in Note 58.8	*To be condoned by Mayoral Committee*
Entity:	
- Appointments contrary to Policy - R0 (2011: R7 712)	*To be condoned by Board*
- Expenditure in terms of Other Entity's SCM Policy - R0 (2011: R993 195)	*To be condoned by Board*

47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

47.1 Contributions to organised local government - SALGA

Opening Balance	-	-	-	-
Council Subscriptions	34 766	300 678	34 766	300 678
Amount Paid - current year	(34 766)	(300 678)	(34 766)	(300 678)
Amount Paid - previous years	-	-	-	-
Balance Unpaid (included in Creditors)	**-**	**-**	**-**	**-**

47.2 Audit Fees

Opening Balance	363 931	296	363 931	296
Current year Audit Fee	2 561 874	4 435 869	2 561 874	4 435 869
Amount Paid - current year	(2 661 776)	(4 072 234)	(2 661 776)	(4 072 234)
Amount Paid - previous years	(363 931)	-	(363 931)	-
Balance Unpaid (included in Creditors)	**(99 902)**	**363 931**	**(99 902)**	**363 931**

The balance unpaid represents the audit fee for planning the audit for the 2010/2011 financial year and is payable by 31 July 2011.

47.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 6. All VAT returns have been submitted by the due date throughout the year.

47.4 PAYE, Skills Development Levy and UIF

Opening Balance	80 916	860 487	80 916	860 487
Current year Payroll Deductions	14 782 865	10 505 909	14 782 865	10 505 909
Amount Paid - current year	(14 782 865)	(10 505 909)	(14 782 865)	(10 505 909)
Amount Paid - previous years	-	(779 571)	-	(779 571)
Balance Unpaid (included in Creditors)	**80 916**	**80 916**	**80 916**	**80 916**

The balance represents PAYE, UIF, and SDL deducted from employees and councillors in the June 2011 payroll. These amounts were paid during July 2011.

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R
47.5 Pension and Medical Aid Deductions				
Opening Balance	-	779 571	-	779 571
Current year Payroll Deductions and Council Contributions	14 782 865	10 505 909	14 782 865	10 505 909
Amount Paid - current year	(14 782 865)	(10 505 909)	(14 782 865)	(10 505 909)
Amount Paid - previous years	-	(779 571)	-	(779 571)
Balance Unpaid (included in Creditors)	**-**	**-**	**-**	**-**

The balance represents Pension and Medical Aid contributions deducted from employees and councillors in the June 2011 payroll, as well as the municipality's contributions to these funds. These amounts were paid during July 2011.

47.6 Councillor's arrear Consumer Accounts

Municipality / Group:

The following Councillors had arrear accounts outstanding for more than 90 days as at:

30 June 2012	Total	Outstanding up to 90 days	Outstanding more than 90 days
Kotelana NE	5 476	423	5 053
Macuphe SB	3 610	1 265	2 345
Total Councillor Arrear Consumer Accounts	**9 086**	**1 688**	**7 398**

30 June 2011	Total	Outstanding up to 90 days	Outstanding more than 90 days
Kotelana NE	3 291	429	2 862
Macuphe SB	1 330	15	1 315
Total Councillor Arrear Consumer Accounts	**4 621**	**444**	**4 177**

During the year the following Councillors had arrear accounts outstanding for more than 90 days:

30 June 2012	Highest amount outstanding	Ageing
Kotelana NE	5 053	> 90 Days
Macuphe SB	2 345	> 90 Days

30 June 2011	Highest amount outstanding	Ageing
Kotelana NE	2 862	> 90 Days
Macuphe SB	1 315	> 90 Days

47.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

No known matters existed at reporting date.

47.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Supply Chain Management Policy approved by Council it is stipulated that bids where the formal procurement processes could not be followed, must be noted in the financial statements.

Deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were presented to the Mayoral Committee, which condoned the various cases.

Department	Date	Successful Tenderer	Reason	Amount
Municipal Manager's Office	*July 2011*	*SAICE*	*Social development arrangement*	*10 900.00 Excluding VAT*
Funeral arrangement				
Infrastructure Development & Municipal Services	*July 2011*	*Dimzos Contruction*	*Emergency*	*194 548.20 Excluding VAT*
Construction of Waste Buyback Centre				
Information Technology	*July 2011*	*Ezet*	*Urgency*	*36 180.00 Excluding VAT*
Renewal of Anti-Virus Software				
Human Resources	*August 2011*	*Deloitte & Touche*	*Urgency*	*41 152.86 Excluding VAT*
Task Job Evaluation in-house workshop				
Special Programs Unit	*August 2011*	*Several Vendors (6)*	*Departmental quotation obtained & Urgency (5 instances)*	*303 371.60 Excluding VAT*
Delivery of water to Bizana; Page Funeral Parlour; Catering for women's month; Decoration, tent, chairs & tables				
Budget & Treasury Office	*October 2011*	*Ducharme Consulting* *Ducharme Consulting*	*Urgency*	*145 236.00* *176 836.00* *Excluding VAT*
Assisting with preparation of monthly & annual financial statements; Assisting with preparation of budgeting reports				
Communication Services	*October 2011*	*Piwe Business Enterprise*	*Urgency*	*55 350.00 Excluding VAT*
Procurement of Trolley Bags for strategic planning session				

	Municipality		Group	
	2012	2011	2012	2011
	R	R	R	R

Department	Date	Successful Tenderer	Reason	Amount
Disaster Management	*October 2011*	*Cross Bar Agencies*	*Emergency*	*174 420.00* *Excluding VAT*
Repairs to the fire satellite in Mount Frere				
Infrastructure Development & Municipal Services	*October 2011*	*Ramatini Consulting* *Knowledge Base Software (Pty) Ltd*	*Emergency & Only supplier with type of software required*	*35 374.20* *197 266.20* *Excluding VAT*
Jetting of Mount Ayliff sewer; Procurement of design software				
Special Programs Unit	*October 2011*	*Amabhaca Craft*	*Urgency*	*42 000.00* *Excluding VAT*
Procurement of 300 Handbags with logo				
Speaker's Office	*November 2011*	*Dumac* *Motique Toyota*	*Short notice*	*5 500.00* *3 360.00* *Excluding VAT*
Catering for council meeting				
Municipal Manager's Office	*November 2011*	*Bambezakho Construction*	*Urgency*	*129 550.00* *Excluding VAT*
Renovations & partitioning of secretary's office				
Disaster Management	*November 2011*	*Ithuba Lamazulu*	*Urgency*	*61 780.00* *Excluding VAT*
Supply & installation of Pedestrian Gate & Sliding Gate				
Human Resources	*November 2011*	*Deloitte & Touche*	*Urgency*	*45 909.00* *Excluding VAT*
Procurement of Task Job Evaluation software system				
Infrastructure Development & Municipal Services	*November 2011*	*Usher Tyres*	*Account with the supplier*	*9 154.51* *Excluding VAT*
Procurement of IDMS text books				
Corporate Services	*December 2011*	*Aurecon* *Aurecon*	*Urgency*	*199 973.00* *199 264.26* *Excluding VAT*
Urgent upgrade of internet access				
Disaster Management	*December 2011*	*Lexis Nexis*	*Urgency*	*53 711.67* *Excluding VAT*
Procurement of Disaster Management Act Regulations				
Infrastructure Development & Municipal Services	*December 2011*	*Environmental & Rural Solutions* *Ramatini Consulting (3 occasions)*	*Emergency (3 instances) & Urgency*	*320 910.00* *123 541.80* *Excluding VAT*
Development of Environmental Management Plan; Emergency sewer blockation; Sewage spillage at Mount Frere; Jetting of Mount Ayliff sewer				
Community Development Services	*January 2012*	*Not specified* *Ilitha B&B*	*Departmental quotation obtained & Urgency*	*19 217.00* *78 350.00* *Excluding VAT*
Fitting of hydraulic Rams; Accommodation for Strategic Planning Workshop				
Infrastructure Development & Municipal Services	*January 2012*	*Ramatini Consulting* *Mvula Trust* *LP Health & Safety Consulting (2)*	*Emergency & Urgency (3 instances)*	*533 143.32* *Excluding VAT*
Jetting of Mount Ayliff sewer; Training for ISD & EHP; Develop Health and Safety Plan for wards 4, 12, 14, 18 & 21				
Special Programs Unit	*January 2012*	*Not specified*	*Departmental quotation obtained*	*7 500.00* *Excluding VAT*
Catering for World AIDS Day				
Community Development Services	*February 2012*	*Several Vendors (27)*	*Emergency (12) & Departmental quotations (15 instances)*	*1 165 596.60* *Excluding VAT*
Various Services procured on 27 occasions, amounting to R1 165 596,60				
Infrastructure Development & Municipal Services	*February 2012*	*Several Vendors (7)*	*Urgency, Emergency (3), No response (2) & Dept quotations (3)*	*517 117.62* *Excluding VAT*
Various Services procured on 9 occasions, amounting to R517 117,62				
Special Programs Unit	*February 2012*	*The Estuary Hotel*	*Emergency*	*153 280.00* *Excluding VAT*
Accommodation for 80 people attending training				
Community Development Services	*March 2012*	*Several Vendors (22)*	*Emergency & Departmental quotation (21 instances)*	*123 600.00* *Excluding VAT*
Various Services procured on 22 occasions, amounting to R123 600,00				
Infrastructure Development & Municipal Services	*March 2012*	*Several Vendors (20)*	*Departmental quotations obtained (20 instances)*	*130 989.10* *Excluding VAT*
Various Services procured on 20 occasions, amounting to R130 989,10				
Legal Services	*March 2012*	*Fikile Ntayiya & Associates*	*Emergency*	*70 139.07* *Excluding VAT*
Cost of Flight and Accommodation for F Ntayiya attending a case on municipality's behalf				

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

Department	Date	Successful Tenderer	Reason	Amount
Budget & Treasury Office	*May 2012*	*PriceWaterhouse Coopers*	*Emergency*	*7 535.40* *Excluding VAT*
Supply and delivery of Bar Code Labels and Range Assets				
Community Development Services	*May 2012*	*Several Vendors (10)*	*Departmental quotations obtained (10 instances)*	*151 816.30* *Excluding VAT*
Various Services procured on 10 occasions, amounting to R151 816,30				
Human Resources	*May 2012*	*St Michaels Sands Hotel*	*Emergency*	*44 300.00* *Excluding VAT*
Accommodation for 30 People				
Infrastructure Development & Municipal Services	*May 2012*	*St Michaels Sands Hotel* *Water Services Management Services (2)*	*Emergency (3 instances)*	*122 000.00* *390 990.26* *Excluding VAT*
Accommodation for 50 Delegates; Supply of Software System and Training on Meter Management				
Information Technology	*May 2012*	*Lutolwemveli Trading*	*Departmental quotation obtained*	*7 200.00* *Excluding VAT*
None specified				
Special Programs Unit	*May 2012*	*Kibo Lodge*	*Emergency*	*73 170.00* *Excluding VAT*
Accommodation for 33 Delegates				
Budget & Treasury Office	*June 2012*	*Gem Print*	*Only service provider with serial numers for the books*	*9 401.02* *Excluding VAT*
Procurement of Order Books, Order Requisitiona and Cheque Requisitions				
Corporate Services	*June 2012*	*Denipel Trading* *Mvemve Lodge*	*Preferred supplier & Training offered at same venue*	*15 500.00* *13 335.00* *Excluding VAT*
Accommodation; Accommodation for 7 learners				
Community Development Services	*June 2012*	*Matatiele/Maluti Bus Co-operation* *Buyie Travel Agency* *The Royal Courtyard*	*Local operator & Only one responsive quotation received*	*42 700.00* *Excluding VAT*
Transport to Maluti Civic Centre for Alfred Nzo Memorial Lecture; Catering for Alfred Nzo Memorial Lecture				
Infrastructure Development & Municipal Services	*June 2012*	*Kurt Joshua & Associates* *Umngeni-Amanzi*	*Preferred supplier & Only one responsive quotation received*	*114 322.62* *253 786.08* *Excluding VAT*
General Conditions of Contract Workshop for 19 people; Performing of Waterworks Audit				

			Municipality		Group	
			2012 R	2011 R	2012 R	2011 R

Furthermore, the municipality has made the following awards to persons in service of Government Institutions contrary to the provisions of paragraphs 44 and 45 of the Municipal Supply Chain Management Regulations:

Company Name	Related Person	Company Capacity	Municipal Capacity	Purchases for the Year	Purchases for the Year	Purchases for the Year	Purchases for the Year
Afro Vision B&B	V Makhasi	Member	Hibiscus Coast Mun	85 020	-	85 020	-
Akhayoyo Trading	P Qangule	Member	Umzimvubu Mun	5 563	-	5 563	-
Best Enough Trading and Project	F Mangala	Member	Dept of Education	3 206 041	-	3 206 041	-
Bongie and Joys Trading	N Nxulu	Member	Dept of Education	477 286	-	477 286	-
Gamalinye Trading	A Menye	Member	Buffalo City Mun	15 375	-	15 375	-
Hlola le Rona Guest House	L Moorosi	Member	Matatiele Mun	28 300	-	28 300	-
Intendelezo General Supplies	E Zondo	Member	City of Johannesburg	32 350	-	32 350	-
Lipota Business Trading	H Mzaza	Member	Dept of Education	45 870	-	45 870	-
Ncuntsu Trading Enterprise	B Mlaza	Member	KZN Prov Governme	6 750	-	6 750	-
Seeos Trading and Projects	N Ntshobani	Member	KZN Prov Governme	-	270 350	-	270 350
Thesa and Two Sons	T Juda	Member	SADTU Office	25 010	-	25 010	-
Two Sons	N Ntshikane	Member	Umzimvubu Mun	1 000	4 625	1 000	4 625
Victory Ticket	N Nxulu	Member	Dept of Education	12 000	-	12 000	-
Zanamanzi Services	P Dontsa	Member	EC Communication	22 671 695	473 906	22 671 695	473 906
Zoltainment Management Project	Z Methusi	Member	Dept of Roads	23 500	-	23 500	-
Total Purchases				**26 635 759**	**748 881**	**26 635 759**	**748 881**

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

48 COMMITMENTS FOR EXPENDITURE

48.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-	**580 450 538**	**852 890 417**	**580 450 538**	**852 890 417**
Infrastructure	580 450 538	852 890 417	580 450 538	852 890 417
Community	-	-	-	-
- Approved but Not Yet Contracted for:-	**204 064 974**	**208 475 304**	**204 064 974**	**208 475 304**
Infrastructure	204 064 974	208 475 304	204 064 974	208 475 304
Community	-	-	-	-
Total Capital Commitments	**784 515 512**	**1 061 365 721**	**784 515 512**	**1 061 365 721**
This expenditure will be financed from:				
Government Grants	784 515 512	1 061 365 721	784 515 512	1 061 365 721
Own Resources	-	-	-	-
	784 515 512	**1 061 365 721**	**784 515 512**	**1 061 365 721**

48.2 Lease Commitments

Non-cancellable Operating Lease Commitments are disclosed in Note 19.

48.3 Other Commitments

Entity:
Commitments for Expenditure:

Within one Year			165 446	3 246 447
Thereafter			-	-
			165 446	**3 246 447**

49 FINANCIAL INSTRUMENTS

49.1 Classification

FINANCIAL ASSETS:
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

Financial Assets	Classification				
Non-current Investments					
Unlisted Investments	Amortised cost	100	100	-	-
Fixed Deposits	Amortised cost	18 477 653	16 710 835	18 477 653	16 710 835
Long-term Receivables					
Car Loans	Amortised cost	576 354	347 343	576 354	347 343
Receivables from Exchange Transactions					
Sewerage	Amortised cost	2 977 126	941 341	2 977 126	941 341
Water	Amortised cost	24 282 316	14 879 791	24 282 316	14 879 791
Other Trade	Amortised cost	(125)	607 231	(125)	607 231
Receivables from Non-exchange Transactions					
Accruals	Amortised cost	859 306	766 577	859 306	766 577
Sundry Debtors	Amortised cost	6 514 877	3 626 841	6 515 697	3 641 456
Cash and Cash Equivalents					
Call Deposits	Fair value	129 844 781	22 888 653	129 867 025	22 906 479
Bank Balances	Fair value	11 628 351	2 433 437	18 769 835	2 763 030
Cash Floats and Advances	Fair value	(0)	(0)	2 100	1 700
Current Portion of Long-term Receivables					
Car Loans	Amortised cost	192 552	388 095	192 552	388 095

		Municipality		Group	
		2012 R	2011 R	2012 R	2011 R
SUMMARY OF FINANCIAL ASSETS					
Financial Assets at Amortised Cost:					
Non-current Investments	Unlisted Investments	100	100	-	-
Non-current Investments	Fixed Deposits	18 477 653	16 710 835	18 477 653	16 710 835
Long-term Receivables	Car Loans	576 354	347 343	576 354	347 343
Receivables from Exchange Transactions	Sewerage	2 977 126	941 341	2 977 126	941 341
Receivables from Exchange Transactions	Water	24 282 316	14 879 791	24 282 316	14 879 791
Receivables from Exchange Transactions	Other Trade	(125)	607 231	(125)	607 231
Receivables from Non-exchange Transactions	Accruals	859 306	766 577	859 306	766 577
Receivables from Non-exchange Transactions	Sundry Debtors	6 514 877	3 626 841	6 515 697	3 641 456
Current Portion of Long-term Receivables	Car Loans	192 552	388 095	192 552	388 095
		53 880 158	38 268 155	53 988 284	38 390 076
Financial Assets at Fair Value:					
Cash and Cash Equivalents	Call Deposits	129 844 781	22 888 653	129 867 025	22 906 479
Cash and Cash Equivalents	Bank Balances	11 628 351	2 433 437	18 769 835	2 763 030
Cash and Cash Equivalents	Cash Floats and Advances	(0)	(0)	2 100	1 700
		141 473 132	25 322 090	148 638 960	25 671 209
Total Financial Assets		**195 353 290**	**63 590 244**	**202 627 244**	**64 061 284**

FINANCIAL LIABILITIES:
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

Financial Liabilities	**Classification**				
Long-term Liabilities					
Annuity Loans	Amortised cost	29 849 666	21 738 000	29 849 666	21 738 000
Payables					
Trade Creditors	Amortised cost	21 707 896	31 346 517	22 233 908	32 440 975
Payments received in Advance	Fair value	2 669 023	403 549	2 669 023	403 549
Projects	Fair value	-	4 500 189	-	4 500 189
Retentions	Amortised cost	34 909 893	-	34 909 893	-
Staff Salaries	Amortised cost	(181 108)	(421 861)	(181 108)	(421 861)
Staff Leave Accrued	Amortised cost	6 340 467	3 121 008	6 453 109	3 126 712
Other Creditors	Amortised cost	(12 002 103)	6 238 073	(18 872 103)	2 312 934
Bank Overdraft					
Bank Overdraft	Fair value	0	71 805	0	71 805
Current Portion of Long-term Liabilities					
Annuity Loans	Amortised cost	1 441 675	2 891 220	1 441 675	2 891 220
SUMMARY OF FINANCIAL LIABILITIES					
Financial Liabilities at Amortised Cost:					
Long-term Liabilities	Annuity Loans	29 849 666	21 738 000	29 849 666	21 738 000
Payables	Trade Creditors	21 707 896	31 346 517	22 233 908	32 440 975
Payables	Projects	-	4 500 189	-	4 500 189
Payables	Retentions	34 909 893	-	34 909 893	-
Payables	Staff Salaries	(181 108)	(421 861)	(181 108)	(421 861)
Payables	Staff Leave Accrued	6 340 467	3 121 008	6 453 109	3 126 712
Payables	Other Creditors	(12 002 103)	6 238 073	(18 872 103)	2 312 934
Current Portion of Long-term Liabilities	Annuity Loans	1 441 675	2 891 220	1 441 675	2 891 220
		82 066 386	69 413 147	75 835 040	66 588 170
Financial Liabilities at Fair Value:					
Payables	Payments received in Advance	2 669 023	403 549	2 669 023	403 549
Bank Overdraft	Bank Overdraft	0	71 805	0	71 805
		2 669 023	475 354	2 669 023	475 354
Total Financial Liabilities		**84 735 409**	**69 888 500**	**78 504 063**	**67 063 523**

	Municipality		Group	
	2012	2011	2012	2011
	R	R	R	R

49.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash and Short-term Investments
The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Long-term Investments
The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

Loan Receivables/Payables
Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and Other Receivables/Payables
The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

Other Financial Assets and Liabilities
The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities
The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2012, as a result of the short-term maturity of these assets and liabilities.

The Financial Instruments of the municipalitity have been reclassified as disclosed in Note 39.2, Change in Accounting Policy.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by IFRS 7. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-
Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-
Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-
Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Group:
30 June 2012

	Level 1	Level 2	Level 3	Total
	R	R	R	R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Call Deposits	-	129 867 025	-	129 867 025
Bank Balances and Cash	-	18 771 935	-	18 771 935
Total Financial Assets	-	148 638 960	-	148 638 960
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Payments Received in Advance	-	2 669 023	-	2 669 023
Total Financial Liabilities	-	2 669 023	-	2 669 023
Total Financial Instruments	-	145 969 937	-	145 969 937

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R

30 June 2011

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Call Deposits	-	22 906 479	-	22 906 479
Bank Balances and Cash	-	2 764 730	-	2 764 730
Total Financial Assets	-	25 671 209	-	25 671 209
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Payments Received in Advance	-	403 549	-	403 549
Bank Overdraft	-	71 805	-	71 805
Total Financial Liabilities	-	475 354	-	475 354
Total Financial Instruments	-	25 195 855	-	25 195 855

49.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2010.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 3, Bank, Cash and Cash Equivalents and Equity, comprising Accumulated Surplus as disclosed in Note 2 and the Statement of Changes in Net Assets.

Gearing Ratio

	2012 R	2011 R	2012 R	2011 R
The gearing ratio at the year-end was as follows:				
Debt	31 291 341	24 629 220	31 291 341	24 629 220
Cash and Cash Equivalents	(11 628 351)	(2 433 437)	(18 771 935)	(2 764 730)
Net Debt	19 662 990	22 195 783	12 519 406	21 864 490
Equity	1 145 371 096	1 135 351 076	1 159 658 379	1 139 019 545
Net debt to equity ratio	**1.72%**	**1.95%**	**1.08%**	**1.92%**

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 20.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

49.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IASs mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Treasury monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

49.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

	Municipality		Group	
	2012	2011	2012	2011
	R	R	R	R

Market Risk
Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk
Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk
Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Notes 49.8 and 49.9 to the Annual Financial Statements.

49.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 49.8 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

49.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

49.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Financial Assets and Liabilities that are sensitive to interest rate risk are cash and cash equivalents, investments, and loan payables. The municipality is not exposed to interest rate risk on these financial instruments as the rates applicable are fixed interest rates.

Potential concentrations of interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting percentage exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed periodically by the Chief Financial Officer and authorised by the Council.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Periodic credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis
The sensitivity analysis below was determined based on the exposure to interest rates at the reporting date. For variable rate long-term instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Notes 49.8 and 49.9 below.

Cash and Cash Equivalents:
Municipality:
If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2012 would have decreased / increased by R833 976 (30 June 2011: decreased / increased by R268 839). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

Group:
If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2012 would have decreased / increased by R871 532 (30 June 2011: decreased / increased by R270 747). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

	Municipality		Group	
	2012	2011	2012	2011
	R	R	R	R

49.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses other publicly available financial information and its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its short-term investments (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions short term credit rating of BBB and long-term credit rating of AA- and higher at an International accredited credit rating agency. The municipality's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions, in accordance with it's investment policy. Consequently, the municipality is not exposured to any significant credit risk.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and sanitation services rendered to them.

Trade receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a rates clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer.

Long-term Receivables and Other Debtors are individually evaluated annually at Statement of Financial Position date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities.

	2012	2011	2012	2011
	R	R	R	R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:				
Fixed Deposit Investments	18 477 753	16 710 935	18 477 653	16 710 835
Long-term Receivables	768 906	735 438	768 906	735 438
Consumer Debtors	44 132 349	33 287 698	44 132 349	33 287 698
Other Debtors	7 374 184	4 393 418	7 482 410	4 515 439
Bank, Cash and Cash Equivalents	141 473 132	25 250 285	148 638 960	25 599 404
Maximum Credit and Interest Risk Exposure	**212 226 323**	**80 377 775**	**219 500 277**	**80 848 815**

	Municipality		Group	
	2012	2011	2012	2011
	R	R	R	R
The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:				
	%	%	%	%
Consumer Debtors:				
- Household	51.35%	59.66%	51.25%	59.47%
- Industrial / Commercial	15.13%	17.11%	15.10%	17.06%
- National and Provincial Government	17.42%	9.96%	17.38%	9.93%
- Other Classes	1.78%	1.60%	1.78%	
1.60% Other Debtors:				
- Other not Classified	14.32%	11.66%	14.50%	11.94%
Total Credit Risk	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Bank and Cash Balances				
First National Bank of SA Ltd	141 473 132	25 250 285	148 636 860	25 597 704
Cash Equivalents	(0)	(0)	2 100	1 700
Total Bank and Cash Balances	**141 473 132**	**25 250 285**	**148 638 960**	**25 599 404**
Credit quality of Financial Assets:				
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:				
Long-term Receivables				
Group 1	768 906	735 438	768 906	735 438
Group 2	-	-	-	-
Group 3	-	-	-	-
Total Long-term Receivables	**768 906**	**735 438**	**768 906**	**735 438**
Receivables from Exchange Transactions				
Counterparties without external credit rating:-				
Group 1	1 277 487	936 400	1 277 487	936 400
Group 2	-	-	-	-
Group 3	-	-	-	-
	1 277 487	936 400	1 277 487	936 400
Total Receivables from Exchange Transactions	**1 277 487**	**936 400**	**1 277 487**	**936 400**

Credit quality Goupings:

Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing have been renegotiated in the last year.

49 FINANCIAL INSTRUMENTS (Continued)

49.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 44 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk.

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Municipality:

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2012								
Non-interest Bearing		0.00%	54 090 977	54 090 977	-	-	-	-
Variable Interest Rate Instruments		8.08%	0	0	-	-	-	-
Fixed Interest Rate Instruments		5.00%	35 290 127	1 445 457	1 445 457	2 890 914	8 672 742	20 835 556
			89 381 104	**55 536 434**	**1 445 457**	**2 890 914**	**8 672 742**	**20 835 556**
30 June 2011								
Non-interest Bearing		0.00%	45 669 027	45 669 027	-	-	-	-
Variable Interest Rate Instruments		8.08%	71 805	71 805	-	-	-	-
Fixed Interest Rate Instruments		5.00%	38 181 041	1 445 457	1 445 457	2 890 914	8 672 742	23 726 471
			83 921 873	**47 186 289**	**1 445 457**	**2 890 914**	**8 672 742**	**23 726 471**

Group:

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2012								
Non-interest Bearing		0.00%	47 859 631	47 859 631	-	-	-	-
Variable Interest Rate Instruments		8.08%	0	0	-	-	-	-
Fixed Interest Rate Instruments		5.00%	35 290 127	1 445 457	1 445 457	2 890 914	8 672 742	20 835 556
			83 149 758	**49 305 088**	**1 445 457**	**2 890 914**	**8 672 742**	**20 835 556**
30 June 2011								
Non-interest Bearing		0.00%	42 844 050	42 844 050	-	-	-	-
Variable Interest Rate Instruments		8.08%	71 805	71 805	-	-	-	-
Fixed Interest Rate Instruments		5.00%	38 181 041	1 445 457	1 445 457	2 890 914	8 672 742	23 726 471
			81 096 896	**44 361 312**	**1 445 457**	**2 890 914**	**8 672 742**	**23 726 471**

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Municipality:

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2012								
Non-interest Bearing		0.00%	35 402 505	35 402 405	-	-	-	100
Variable Interest Rate Instruments		12.57%	141 473 132	141 473 132	-	-	-	-
Fixed Interest Rate Instruments		2.59%	18 477 653	18 477 653	-	-	-	-
			195 353 290	**195 353 190**	**-**	**-**	**-**	**100**
30 June 2011								
Non-interest Bearing		0.00%	21 557 320	21 557 220	-	-	-	100
Variable Interest Rate Instruments		15.85%	25 322 090	25 322 090	-	-	-	-
Fixed Interest Rate Instruments		33.15%	16 710 835	16 710 835	-	-	-	-
			63 590 244	**63 590 144**	**-**	**-**	**-**	**100**

Group:

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2012								
Non-interest Bearing		0.00%	35 512 731	35 512 731	-	-	-	-
Variable Interest Rate Instruments		12.57%	148 636 860	148 636 860	-	-	-	-
Fixed Interest Rate Instruments		2.59%	18 477 653	18 477 653	-	-	-	-
			202 627 244	**202 627 244**	**-**	**-**	**-**	**-**
30 June 2011								
Non-interest Bearing		0.00%	21 680 941	21 680 941	-	-	-	-
Variable Interest Rate Instruments		15.85%	25 669 509	25 669 509	-	-	-	-
Fixed Interest Rate Instruments		33.15%	16 710 835	16 710 835	-	-	-	-
			64 061 284	**64 061 284**	**-**	**-**	**-**	**-**

49.9 Effective Interest Rates and Repricing Analysis

In accordance with IAS 32.67(a) and (b) the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 June 2012

Municipality:

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
FIXED RATE INSTRUMENTS								
Held-to-maturity Investments			**18 477 753**	**-**	**-**	**-**	**-**	**18 477 753**
Investec			18 477 753	-	-	-	-	18 477 753
Unsecured Bank Facilities	**18**		**(31 291 341)**	**-**	**-**	**-**	**-**	**(31 291 341)**
DBSA		11.47%	(10 472 149)	-	-	-	-	(10 472 149)
DBSA		5.00%	(20 819 192)	-	-	-	-	(20 819 192)
Total Fixed Rate Instruments			**(12 813 588)**	**-**	**-**	**-**	**-**	**(12 813 588)**
VARIABLE RATE INSTRUMENTS								
Call Deposits	**7**		129 844 781	129 844 781	-	-	-	-
Bank Balances and Cash	**7**		11 628 351	11 628 351	-	-	-	-
Total Variable Rate Instruments			**141 473 132**	**141 473 132**	**-**	**-**	**-**	**-**

Group:

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
FIXED RATE INSTRUMENTS								
Held-to-maturity Investments			**18 477 753**	**-**	**-**	**-**	**-**	**18 477 753**
Investec			18 477 753	-	-	-	-	18 477 753
Unsecured Bank Facilities	**18**		**(31 291 341)**	**-**	**-**	**-**	**-**	**(31 291 341)**
DBSA		11.47%	(10 472 149)	-	-	-	-	(10 472 149)
DBSA		5.00%	(20 819 192)	-	-	-	-	(20 819 192)
Total Fixed Rate Instruments			**(12 813 588)**	**-**	**-**	**-**	**-**	**(12 813 588)**
VARIABLE RATE INSTRUMENTS								
Call Deposits	**7**		129 867 025	129 867 025	-	-	-	-
Bank Balances and Cash	**7**		18 769 835	18 769 835	-	-	-	-
Total Variable Rate Instruments			**148 636 860**	**148 636 860**	**-**	**-**	**-**	**-**

30 June 2011

Municipality:

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
FIXED RATE INSTRUMENTS								
Held-to-maturity Investments			**16 710 835**	**-**	**-**	**-**	**-**	**16 710 835**
Investec		13.39%	16 710 835	-	-	-	-	16 710 835
Unsecured Bank Facilities	**17**		**(24 629 220)**	**-**	**-**	**-**	**-**	**(24 629 220)**
DBSA		11.47%	(10 800 758)	-	-	-	-	(10 800 758)
DBSA		5.00%	(13 828 461)	-	-	-	-	(13 828 461)
Total Fixed Rate Instruments			**(7 918 385)**	**-**	**-**	**-**	**-**	**(7 918 385)**
VARIABLE RATE INSTRUMENTS								
Call Investment Deposits	**7**		22 888 653	22 888 653	-	-	-	-
Bank Balances and Cash	**7**		2 433 437	2 433 437	-	-	-	-
Total Variable Rate Instruments			**25 322 090**	**25 322 090**	**-**	**-**	**-**	**-**

Group:

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
FIXED RATE INSTRUMENTS								
Held-to-maturity Investments			**16 710 835**	**-**	**-**	**-**	**-**	**16 710 835**
Investec		13.39%	16 710 835	-	-	-	-	16 710 835
Unsecured Bank Facilities	**17**		**(24 629 220)**	**-**	**-**	**-**	**-**	**(24 629 220)**
DBSA		11.47%	(10 800 758)	-	-	-	-	(10 800 758)
DBSA		5.00%	(13 828 461)	-	-	-	-	(13 828 461)
Total Fixed Rate Instruments			**(7 918 385)**	**-**	**-**	**-**	**-**	**(7 918 385)**
VARIABLE RATE INSTRUMENTS								
Call Investment Deposits	**7**		22 906 479	22 906 479	-	-	-	-
Bank Balances and Cash	**7**		2 763 030	2 763 030	-	-	-	-
Total Variable Rate Instruments			**25 669 509**	**25 669 509**	**-**	**-**	**-**	**-**

49.10 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

	Municipality		Group	
	2012	2011	2012	2011
	R	R	R	R

50 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, the details of which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.

(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

(iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R5 972 400 (2011: R3 861 502) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation. For both the Superannuation and Retirement Funds valuations making use of the Discontinuance Method Approach have been included as well.

DEFINED BENEFIT SCHEMES

Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2011.

The statutory valuation performed as at 30 June 2011 revealed that the fund had a deficit of R58,9 (30 June 2010: surplus of R0,0) million, with a funding level of 98,1% (30 June 2010: 100,0%). The balance of the Solvency Reserve was R4,9 (30 June 2010: R4,9) million. The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is less than the recommended contribution rate of 32,4%.

Government Employees Pension Fund (GEPF):

The scheme is subject to an tri-annual actuarial valuation. The last statutory valuation was performed as at 31 March 2010.

The statutory valuation performed as at 31 March 2010 revealed that the fund had a surplus of R0,0 (31 March 2008: R0,0) million, with a funding level of 100,0% (31 March 2008: 100,0%). The contribution rate paid by the members (7,50%) and the municipalities (13,00%) is sufficient to fund the benefits accruing from the fund in the future.

KZN Joint Retirement Fund:

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2011 by Arthur Els & Associates.

The interim actuarial valuation performed as at 31 March 2011 revealed that the fund had a shortfall of R382,3 (31 March 2010: shortfall of R242,2) million, with a funding level of 84,1% (31 March 2010: 88,2%). The contribution rate, including the surcharges below, paid by the members (8,65%) and municipalities (29,00%) was expected to eradicate the shortfall in the fund by 31 March 2015. However, the basic contribution payable is 4,72% less than the required contribution rate.

The actuarial shortfall is taken into account by determining surcharges, to be met by increased contributions. These surcharges amount to 17% of pensionable emoluments, of which 1,65% is payable by members and 15,35% is payable by the local authority.

This surcharge is payable until 31 March 2015. It is necessary that the basic employer contribution be increased by 4,72% to 18,37% and the surcharge be increased to 17,5% and extended by a further 3 years to 31 March 2018. This position will be monitored on an annual basis. Subsequently, notice has been served that the surcharge will be increased to 34,22% with effect from 1 August 2012 for an indefinate period of time.

The fund has effectively been closed to new members, and it is therefore assumed for the valuation, that no new members will join the fund. However, at present, members of the three Natal Joint Funds are permitted to transfer between the funds and this flow of members may affect the rate of contribution required to be paid to the Fund. It is intended that the Fund merge with the Superannuation Fund in the near future.

KZN Joint Superannuation Fund:

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2011 by Arthur Els & Associates.

The interim actuarial valuation performed as at 31 March 2011 revealed that the fund had a shortfall of R549,5 (31 March 2010: shortfall of R213,3) million, with a funding level of 90,9% (31 March 2010: 95,9%). The contribution rate paid by the members (9,25%) and municipalities (18,00%) is 3,63% (31 March 2010: 1,69%) less than the required contribution rate for future service and will be reviewed at the next interim valuation. The deficit in respect of active members is being met by a surcharge of 7,0% of pensionable salaries. It was expected that the deficit will be fully funded by 2016.

This surcharge is payable until 31 March 2015. It is necessary that the basic employer contribution be increased by 4,72% to 18,37% and the surcharge be increased to 17,5% and extended by a further 3 years to 31 March 2018. This position will be monitored on an annual basis. Subsequently, notice has been served that the surcharge will be increased to 31,13% with effect from 1 August 2012 for an indefinate period of time.

It is intended that the Fund merge with the Retirement Fund in the near future.

	Municipality		Group	
	2012	2011	2012	2011
	R	R	R	R

Municipal Employees Pension Fund:
The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 28 February 2008.

The net assets available for benefits were R5 715 557 193.

No further information could be obtained.

South African Local Authorities Pension Fund (SALA):
The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 1 July 2011.

The statutory valuation performed as at 1 July 2011 revealed that the fund had a deficit of 307,6 (1 July 2010: Deficit of R307,6) million, with a funding level of 98,1% (1 July 2010: 95,9%). The contribution rate paid by the members (7,50% to 9,00%) and the municipalities (15,00% to 20,80%) is is sufficient to fund the benefits accruing from the fund in the future.

Although the fund is less than 100% funded at the valuation date, no additional action is required at this stage to rectify the situation. If the current employer contribution rate is maintained, the fund is expected to be close to 100% funded at the next tri-annual valuation, provided the assumptions are borne out in practice.

DEFINED CONTRIBUTION SCHEMES
Cape Joint Pension Fund:
The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2011.

The statutory valuation performed as at 30 June 2011 revealed that the investment reserve of the fund amounted to R15 285 (30 June 2010: R7 311) million, with a funding level of 104,1% (30 June 2010: 102,0%). The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

Cape Joint Retirement Fund:
The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2011.

The statutory valuation performed as at 30 June 2011 revealed that the assets of the fund amounted to R9 869 (30 June 2010: R8 220) million, with funding levels of 100,3% and 116,9% (30 June 2010: 99,9% and 100,3%) for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

KZN Joint Provident Fund:
The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2011 by Arthur Els & Associates.

The interim actuarial valuation performed as at 31 March 2011 revealed that the market value of the fund was R1 056,2 (31 March 2010: R836,4) million. The contribution rate payable (either 5,00%, 7,00% or 9,25% by the member and 1,95 times the member's contributions by the employer), is sufficient to cover the cost of benefits and expenses and the fund was certified to be in sound financial condition as at 31 March 2011.

Metropolitan Pension Fund:
No details could be provided for the fund and of any valuation performed.

Municipal Councillors Pension Fund:
The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2010.

The statutory valuation performed as at 30 June 2010 revealed that the the assets of the fund amounted to R1 483,8 (30 June 2006: R1 483,8) million, with a funding ratio of 94,0% (30 June 2006: 106,5%). The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Employees Gratuity Fund:
The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2010.

The valuation performed as at 30 June 2010 revealed that the market value of the fund was R9 774 (30 June 2009: 8 249) million. The contribution rate payable (7,50% by the member and 22,00% by the employer), is sufficient to fund the benefits accruing from the fund in the future. The fund was certified to be in sound financial condition as at 30 June 2010.

Old Mutual Pension Fund:
No details could be provided for the fund and of any valuation performed.

SAMWU (South African Municipal Workers Union) National Provident Fund:
The scheme is subject to an tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2005.

The statutory valuation performed as at 30 June 2005 revealed that the fund had a funding ratio of 100.0% (30 June 2002: 100,0%). The contribution rate paid by the members (not less than 5,00%) and Council (not less than 12,00%) is sufficient to fund the benefits accruing from the fund in the future.

No further details could be obtained for the fund and of any subsequent valuations performed.

None of the above mentioned plans are State Plans.

	Municipality		Group	
	2012	2011	2012	2011
	R	R	R	R

51 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

51.1 Interest of Related Parties

No declarations were made by councillors and/or management of the municipality of any relationships with businesses.

Entity:
Board Members and/or management of the entity have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
Alfred Nzo District Municipality	Shareholder	100% Shareholding in the Entity

51.2 Services rendered to Related Parties

The municipality did not render any services during the year to anyone that can be considered as a related party.

51.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in Note 15 to the Annual Financial Statements.

51.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 29 and 30 respectively, to the Annual Financial Statements.

51.5 Purchases from Related Parties

The municipality did not buy goods from any companies which can be considered to be Related Parties.

	2012	2011	2012	2011
	R	R	R	R

52 CONTINGENT LIABILITIES

52.1 Court Proceedings:	**8 294 827**	**7 233 592**	**8 294 827**	**7 233 592**
(i) Failure to pay for Contracted Services: During 2007 Jack Zulu issued summons against the municipality for specific performance; it being alleged that he was appointed by the municipality to render certain services at Umzimkhulu Area (previous dispensation) and the municipality failed to pay him in terms of the contract. The municipality denies that services were rendered. Pleadings closed and a trial date is awaited.	17 250	17 250	17 250	17 250
(ii) Failure to pay Pension Contributions: During 2006 a former employee of the municipality instituted a legal action against the municipality claiming pension benefits it being alleged that the municipality failed to pay his pension contributions to the fund at the time he was employed by the municipality. The municipality denies this allegation on the basis that he was employed on an all inclusive package and as such it was his responsibility to structure his package to include pension. Pleadings closed and a trial date is awaited.	100 000	100 000	100 000	100 000
(iii) Failure to pay for Goods Supplied and Services Rendered: During 2008 P Mabandla issued summons against the municipality for goods supplied and services rendered to the municipality at the latter's special instance and request. The municipality denies this. Pleadings closed and a trial date is awaited.	6 572	6 572	6 572	6 572
(iv) Failure to pay for Services Rendered: In 2008 MJ Phirimane issued summons against the municipality for services rendered. The municipality is defending the matter. The matter is in pleading stage and the outcome is still uncertain.	28 200	28 200	28 200	28 200
(v) Failure to pay for Services Rendered: In 2006 Malukazi Project Managers issued summons for services rendered in the sanitation program in Umzimkhulu. The municipality is defending the matter. A trial date is awaited.	1 914 259	2 214 259	1 914 259	2 214 259
(vi) Failure to pay for Services Rendered: In 2008 summons were issued by Affinity Solutions (Pty) Ltd for services rendered. The municipality is defending the matter. A trial date is awaited.	313 505	363 505	313 505	363 505
(vii) Failure to claim from Provident Fund: In 2009 Z Mgwebi issued summons for damages emanating from failure to act by the municipality it being alleged the municipality failed to assist her together with her minor children to claim from the Provident Fund. The matter is defended by the municipality. The matter is now in pleading stage.	1 200 000	1 270 000	1 200 000	1 270 000
(viii) Intervention in execution of Duties: During 2010 J & G Enterprise issued summons for financial damages it being alleged that the municipality stopped them from performing in terms of their contract. The matter being defended by the municipality. The matter is in pleading stage.	1 541 600	1 541 600	1 541 600	1 541 600

	Municipality		Group	
	2012 R	2011 R	2012 R	2011 R
(ix) Short-payment of Pension Contributions: South African Local Authorities Pension Fund issued summons for short payment of the members contributions.	5 452	5 452	5 452	5 452
(x) Failure to pay for Services Rendered: In 2010 3P Consulting sued the municipality for services rendered and the matter is being defended by the municipality. The matter is in pleading stage.	468 100	568 100	468 100	568 100
(xi) Failure to pay for Services Rendered: In 2010 summons were issued by David Sepeika Credit Consultants for services rendered (fog harvesting project). The matter is defended by the municipality. The matter is in pleading stage.	159 174	159 174	159 174	159 174
(xii) Failure to pay for Services Rendered: Liyata Civils issued summons for services rendered. The municipality did not dispute that services were rendered and the only issue was the quantum and as such the municipality offerred to pay an amont lesser from the amount claimed.	54 705	54 705	54 705	54 705
(xiiii) Failure to pay for Services Rendered: Sometime in 2010 Sihlangene Financial Advisory Services CC and Umnotho issued summons against the municipality for services rendered. The municipality is defending the matter.	235 585	238 585	235 585	238 585
(xiv) Breach of Contract of Employment: In 2010 Zolani Gulwa issued summons against the municipality for breach of the contract of employment in that the municipality failed to pay him in terms of the contract. The municipality is defending the matter and it is pending in the high court. The matter is in pleading stage.	566 189	666 189	566 189	666 189
(xv) Failure to pay for Services Rendered: Makaziwe Marketing CC issued summons against the municipality for failure to pay for services rendered. The municipality is defending the matter. The outcome is not certain at this stage.	115 000	-	115 000	-
(xvi) Failure to pay for Material Supplied: Rob Pottow Irrigation issued summons against the municipality for failure to pay for materials supplied in terms of a verbal agreement. The municipality is defending the matter. The outcome is not certain at this stage.	24 522	-	24 522	-
(xvii) Breach of Contract: Sinezipho Urban & Rural Development claims against the municipality for for alleged termination of contract. The municipality is defending the matter. Pleadings have been filed and the outcome is not certain at this stage.	1 544 713	-	1 544 713	-
53.1 Court Proceedings:	**2 261 207**	**-**	**2 261 207**	**-**
(i) Claim for Advance Payment: The municipality has instituted a claim against TA Rautenbach based on acknowledgement of debt of advance payment granted for the construction of the Zone Centres. The outcome of the matter is still uncertain.	1 748 053	-	1 748 053	-
(ii) Failure to deliver Services: The municipality has instituted a claim against MP Civils for alleged failure to deliver a crawler sprinkler purchased in terms of a verbal contract. Settlement proposals are in the pipeline and the outcome of the matter is still uncertain.	30 700	-	30 700	-
(iii) Advances Granted - Various Cases: The municipality has instituted claims against various individuals for money advanced at the defendants' request. The matters are at execution stage and the outcome is still unknown.	481 375	-	481 375	-
(iv) Collission Damages - Various Cases: The municipality has issued summons against various individuals for collission damages caused to municipal property. The outcome of the matters is still uncertain.	1 079	-	1 079	-

53 CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

54 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any In-kind Donations and Assistance during the year under review.

55 PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the financial year 2011/12.

	Municipality		Group	
	2012	2011	2012	2011
	R	R	R	R

56 EVENTS AFTER THE REPORTING DATE

56.1 Incorporation of Municipalities:

Pursuant to the confirmation of the decision to incorporate the Mbizana and Ntabankulu Local Municipaliities to the Alfred Nzo District Municipality in the prior year, the effective date for this incorporation is 01 July 2011. A number of structural and administrative processes to implement this resolution have been underway for a while and are now being completed. This means with effect from the 2011/12 financial year, the municipality will report inclusive of these two municipalities.

57 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 39) and Prior Period Errors (Note 40).

58 GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern:

(i) On 28 June 2012 the Council adopted the 2012/13 to 2014/15 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by weekly and monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

APPENDIX A

ALFRED NZO DISTRICT MUNICIPALITY

MUNICIPALITY / GROUP - SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2011	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2012
	R				R	R	R	R
ANNUITY LOANS								
DBSA	12 026 793	11.47%	100971/1	31/03/2025	10 800 758	-	328 609	10 472 149
DBSA	25 000 000	5.00%	102129/1	31/03/2026	13 828 461	7 993 492	1 002 762	20 819 192
Total Annuity Loans	**37 026 793**				**24 629 220**	**7 993 492**	**1 331 371**	**31 291 341**
TOTAL EXTERNAL LOANS	**37 026 793**				**24 629 220**	**7 993 492**	**1 331 371**	**31 291 341**

APPENDIX B

ALFRED NZO DISTRICT MUNICIPALITY

GROUP - ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2012
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings													
Land:													
Land: Developed	465 000	-	-	-	-	465 000	-	-	-	-	-	465 000	-
Buildings:													
Office Buildings	52 541 391	-	717 059	-	-	53 258 450	9 474 368	1 786 239	-	-	11 260 607	41 997 843	1 300 000
	53 006 391	**-**	**717 059**	**-**	**-**	**53 723 450**	**9 474 368**	**1 786 239**	**-**	**-**	**11 260 607**	**42 462 843**	**1 300 000**
Infrastructure													
Sewerage:													
Bulk Pipelines	-	-	-	-	-	-	-	-	-	-	-	-	3 200 000
Sewers / Reticulation	45 754 286	-	29 097 394	16 563 515	-	91 415 195	3 610 495	2 003 608	-	-	5 614 103	85 801 093	189 072 941
Water:													
Boreholes	-	-	-	-	-	-	-	-	-	-	-	-	9 000 000
Springs	-	-	-	-	-	-	-	-	-	-	-	-	117 456 000
Water Supply and Reticulation	731 602 321	-	190 693 324	34 259 602	-	956 555 246	47 427 564	24 106 713	-	-	71 534 277	885 020 969	119 362 901
Water Tanks	-	-	-	-	-	-	-	-	-	-	-	-	9 086 300
	777 356 607	**-**	**219 790 717**	**50 823 117**	**-**	**1 047 970 441**	**51 038 059**	**26 110 321**	**-**	**-**	**77 148 380**	**970 822 061**	**447 178 142**
Community Assets													
Other Facilities:													
Disaster Centres	-	-	-	-	-	-	-	-	-	-	-	-	450 000
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**450 000**
Other Assets													
Computer Equipment:													
Computer Hardware	3 293 060	684 914	-	-	-	3 977 974	1 395 278	747 968	-	-	2 143 246	1 834 728	1 070 000
Emergency Equipment:													
Fire Fighting Equipment	19 153	-	-	-	-	19 153	9 013	2 394	-	-	11 407	7 746	1 500 000
Furniture and Fittings:													
Other Furniture and Fittings	4 166 044	1 103 784	-	-	-	5 269 828	2 079 403	666 033	-	-	2 745 436	2 524 392	350 000
Motor Vehicles:													
Bakkies (LDV's)	2 187 624	2 841 201	-	-	-	5 028 824	575 046	442 137	-	-	1 017 183	4 011 641	534 100
Office Equipment:													
Office Equipment / Machines	-	-	-	-	-	-	-	-	-	-	-	-	1 608 108
Other Office Equipment	889 713	120 980	-	-	-	1 010 693	541 499	150 768	-	-	692 267	318 426	500 000
Plant and Equipment:													
Other Plant and Equipment	5 495 277	570 867	-	-	-	6 066 144	2 276 350	472 593	-	-	2 748 942	3 317 202	830 000
Specialised Vehicles:													
Fire Engines	3 137 518	4 138 146	-	-	-	7 275 664	1 271 535	676 760	-	-	1 948 295	5 327 369	4 100 000
Other Assets:													
Park Homes	195 930	-	-	-	-	195 930	88 256	19 577	-	-	107 833	88 097	-
	19 384 318	**9 459 892**	**-**	**-**	**-**	**28 844 210**	**8 236 380**	**3 178 230**	**-**	**-**	**11 414 610**	**17 429 600**	**10 492 208**
Total PPE	**849 747 316**	**9 459 892**	**220 507 777**	**50 823 117**	**-**	**1 130 538 101**	**68 748 807**	**31 074 789**	**-**	**-**	**99 823 596**	**1 030 714 505**	**459 420 350**
						0.00					0.00	0.00	

ALFRED NZO DISTRICT MUNICIPALITY

GROUP - ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2012

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2012
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R
Intangible Assets													
Computer Software	602 451	740 472	-	-	-	1 342 923	383 039	204 852	-	-	587 891	755 032	700 000
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Intangible Assets	**602 451**	**740 472**	**-**	**-**	**-**	**1 342 923**	**383 039**	**204 852**	**-**	**-**	**587 891**	**755 032**	**700 000**
						0.00							

ALFRED NZO DISTRICT MUNICIPALITY

GROUP - ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2012

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 0
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R
Heritage Assets													
Other:													
Statues	100 000	-	-	-	-	100 000	-	-	-	-	-	100 000	-
Total Heritage Assets	**100 000**	**-**	**-**	**-**	**-**	**100 000**	**-**	**-**	**-**	**-**	**-**	**100 000**	**-**
						0.00							
Total Asset Register	**850 449 767**	**10 200 364**	**220 507 777**	**50 823 117**	**-**	**1 131 981 024**	**69 131 846**	**31 279 641**	**-**	**-**	**100 411 487**	**1 031 569 537**	**460 120 350**

APPENDIX C

ALFRED NZO DISTRICT MUNICIPALITY

GROUP - SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2012

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Executive and Council Finance	861 356	773 192	-	-	-	1 634 548	329 487	216 260	-	-	545 747	1 088 801
and Administration Planning and	24 655 574	984 595	-	-	-	25 640 169	2 999 779	1 495 976	-	-	4 495 754	21 144 414
Development Community and	19 035 190	237 718	-	-	-	19 272 908	7 656 923	733 802	-	-	8 390 725	10 882 183
Social Services Water	12 598 907	7 851 712	-	-	-	20 450 619	1 881 898	1 528 677	-	-	3 410 575	17 040 044
	793 298 740	353 147	220 507 777	50 823 117	-	1 064 982 781	56 263 760	27 304 926	-	-	83 568 686	981 414 095
Total	**850 449 767**	**10 200 364**	**220 507 777**	**50 823 117**	**-**	**1 131 981 024**	**69 131 846**	**31 279 641**	**-**	**-**	**100 411 487**	**1 031 569 537**

APPENDIX D

ALFRED NZO DISTRICT MUNICIPALITY

GROUP - SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

2011 Actual Income	2011 Actual Expenditure	2011 Surplus/ (Deficit)	Description	2012 Actual Income	2012 Actual Expenditure	2012 Surplus/ (Deficit)
R	R	R		R	R	R
92 400	22 650 696	(22 558 296)	Executive and Council Finance	106 579	29 994 710	(29 888 131)
357 555 635	70 466 616	287 089 019	and Administration Planning	667 605 462	104 210 660	563 394 802
16 649	(1 045 815)	1 062 464	and Development Community	52 749	(1 744 452)	1 797 201
(6 945 954)	123 913 039	(130 858 993)	and Social Services	-	514 134 053	(514 134 053)
350 718 730	**215 984 536**	**134 734 194**	**Total**	**667 764 790**	**646 594 970**	**21 169 819**

GROUP - ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2012

Description	2011/12 Actual	2011/12 Budget	2011/12 Variance	2011/12 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R	R	R	%	
REVENUE					
Income for Agency Services	26 182	4 000	22 182	554.56	Immaterial amount
Government Grants and Subsidies	635 679 044	717 404 077	(81 725 033)	(11.39)	
Public Contributions and Donations	106 579	-	106 579	100.00	
Service Charges	15 412 606	17 946 000	(2 533 394)	(14.12)	
Rental of Facilities and Equipment	235 340	1 870 000	(1 634 660)	(87.41)	
Interest Earned - External investments	11 409 261	6 000 000	5 409 261	90.15	
Interest Earned - Outstanding debtors	97	-	97	100.00	Immaterial amount
Other Revenue	4 895 680	34 186 000	(29 290 320)	(85.68)	
Gains on Disposal of Property, Plant and Equipment	-	500 000	(500 000)	(100.00)	
Total Revenue	**667 764 790**	**777 910 077**	**(110 145 287)**	**(14.16)**	
EXPENDITURE Employee					
Related Costs	93 786 596	132 958 394	(39 171 798)	(29.46)	
Remuneration of Councillors	6 013 332	660 800	5 352 532	810.01	
Depreciation	31 279 641	5 080 000	26 199 641	515.74	
Impairment Losses	13 698	12 211 000	(12 197 302)	(99.89)	
Repairs and Maintenance	18 873 151	31 741 000	(12 867 849)	(40.54)	
Interest Paid Bulk	2 289 471	3 200 000	(910 529)	(28.45)	
Purchases	2 066 953	3 500 000	(1 433 047)	(40.94)	
Contracted Services	62 202 623	41 471 624	20 730 999	49.99	
Grants and Subsidies Paid	364 614 561	36 874 906	327 739 655	888.79	
General Expenses	65 454 945	79 095 370	(13 640 425)	(17.25)	
Loss on disposal of Property, Plant and Equipment	-	200 000	(200 000)	(100.00)	
Total Expenditure	**646 594 970**	**346 993 094**	**299 601 876**	**86.34**	
NET SURPLUS / (DEFICIT) FOR THE YEAR	**21 169 819**	**430 916 983**	**(409 747 164)**	**(95.09)**	

GROUP - ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011

Description	2010/11 Actual	2010/11 Budget	2010/11 Variance	2010/11 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R	R	R	%	
REVENUE					
Income for Agency Services	14 213	4 000	10 213	255.34	Immaterial amount
Government Grants and Subsidies	325 875 068	354 341 450	(28 466 382)	(8.03)	
Public Contributions and Donations	92 200	-	92 200	100.00	Immaterial amount
Service Charges	14 217 269	14 450 000	(232 731)	(1.61)	
Rental of Facilities and Equipment	1 053 846	2 046 408	(992 562)	(48.50)	
Interest Earned - External investments	9 566 341	3 478 805	6 087 536	174.99	
Interest Earned - Outstanding debtors	21 414	-	21 414	100.00	Immaterial amount
Other Revenue	(121 621)	20 100 000	(20 221 621)	(100.61)	
Gains on Disposal of Property, Plant and Equipment	-	34 403	(34 403)	(100.00)	Immaterial amount
Total Revenue	**350 718 730**	**394 455 066**	**(43 736 336)**	**(11.09)**	
EXPENDITURE Employee					
Related Costs	67 319 359	78 851 487	(11 532 128)	(14.63)	
Remuneration of Councillors	2 151 727	220 000	1 931 727	878.06	
Depreciation	30 287 679	231 651	30 056 028	12 974.70	
Impairment Losses	6 337 795	980 000	5 357 795	546.71	
Repairs and Maintenance	17 861 497	18 698 298	(836 801)	(4.48)	
Interest Paid Bulk	2 026 592	3 000 000	(973 408)	(32.45)	
Purchases	6 205 725	4 000 000	2 205 725	55.14	
Contracted Services	27 011 441	16 059 801	10 951 640	68.19	
Grants and Subsidies Paid	16 608 518	32 711 992	(16 103 474)	(49.23)	
General Expenses	40 174 202	54 298 350	(14 124 148)	(26.01)	
Total Expenditure	**215 984 536**	**209 051 579**	**6 932 957**	**3.32**	
NET SURPLUS / (DEFICIT) FOR THE YEAR	**134 734 194**	**185 403 487**	**(50 669 293)**	**(27.33)**	

GROUP - ACTUAL VERSUS BUDGET (ACQUISITION OF CAPITAL ASSETS) FOR THE YEAR ENDED 30 JUNE 2011

Description	2010/11 Actual	2010/11 Under Construction	2010/11 Total Additions	2010/11 Budget	2010/11 Variance	2010/11 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R	R	R	R	R	%	
Executive and Council Finance	91 985	-	91 985	20 000	71 985	359.92	
and Administration Planning and	1 193 812	-	1 193 812	3 460 413	(2 266 601)	(65.50)	
Development Community and	38 502	1 307 995	1 346 497	70 001	1 276 496	1 823.54	
Social Services Water	838 362	-	838 362	850 000	(11 638)	(1.37)	
	-	158 042 811	158 042 811	111 346 320	46 696 491	41.94	
Total							
	2 162 661	**159 350 806**	**161 513 467**	**184 865 241**	**(23 351 774)**	**(12.63)**	

4.6 THE AUDIT COMMITTEE FUNCTIONALITY

Alfred Nzo District Municipality during the financial (2011-12) had a fully functional Audit Committee which was set up in accordance with the prescripts of the Municipal Finance Management Act, No. 56 of 2003. The Committee comprised of three independent members, who were not in the employ of the District Municipality, nor were they political office bearers. The details of the Audit Committee members are summarised as follow:

NAME	DESIGNATION	QUALIFICATION	GENDER
Anil Ramnath	Audit Committee Chairperson	Bachelor of Accounting Science (B Compt) Bachelor of Accounting Science (B Compt (Hons) Certificate in Theory Of Accounting Final Qualifying Exam (Board Exams) (CA) Completed Articles Chartered Accountant (SA) Matric Exemption	Male
Velenkosini Lindokuhle Mtshali	Audit Committee Member	Chartered Accountant SA – CA (SA) BCom (Hons) Accounting- CTA B Tech (Cost & Management Accounting) National Diploma (Cost & Management Accounting National Senior Certificate	Male
Philiswa Nongalo	Audit Committee Member	CTA B Com National Senior certificate	Female

For the financial year ending 30 June 2012, the Committee has reviewed and / or advised on matters relating to:

- ICT governance
- Risk Management:
  - Risk assessment
  - Development and implementation of Risk Management Plan;
- Development and implementation of Internal Audit Coverage Plan:
  - Operational Internal Audit Plan
  - Strategic Internal Audit Plan
- Internal Audit Charter and Audit Committee Charter
- Performance Management
- Annual Financial Statements
- The effectiveness of the internal control systems;
- Compliance with the MFMA and other applicable legislation and

4.6.1 Audit Committee meetings and accountability

The Audit Committee during the financial year under review managed to achieve its target in terms of having four meetings annual and further reported to the municipal council. Full Audit Committee Report is further attached to the report as an annexure for reference. The Audit Committee during the financial year under review held its annual meetings as follows:

- 26 August 2011
- 10 February 2012
- 13 April 2012
- 07 June 2012

4.6.2 Status of the municipal audit

The municipal performance over the last three financial years in as far as the audit is concerned is summarised below:

Financial Year	Auditor General's Opinion
2009/10	Disclaimer
2010/11	Disclaimer
2011/12	Disclaimer

CHAPTER 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (KPA 5)

5.1 OVERVIEW OF THE EXECUTIVE AND COUNCIL FUNCTIONS AND ACHIEVEMENTS

Statutory duties and functions of Council are prescribed by; inter alia:

(a) The Constitution;
(b) The Local Government: Municipal Structures Act;
(c) The Local Government: Municipal Systems Act; and
(d) The Local Government: Municipal Finance Management Act.

The Council has performed the following functions, which are prescribed not to be delegated:

(a) Passed by-laws;
(b) Approved IDP and Budget;
(c) Elected the Executive Mayor, Speaker and Chief Whip;
(d) Delegated executive powers to Council's Executive Mayor;
(e) Entered into service delivery agreement for the provision of municipal services through external mechanism in terms of section 76(a) of the Systems Act.
(f) Established section 79 and 80 committees and appointed chairpersons for those committees.
(g) Determined councillor salaries, allowances and benefits;
(h) Determined the terms of reference of Council Committees

The following structures are in place and are mainly responsible for the areas mentioned in the adjacent column:

STRUCTURE	KEY AREAS OF RESPONSIBILITY
Council	○ Meets at least once per quarter, (11 Council meetings, including specials have been convened during the period under review). ○ Deals with delegated and non-delegated functions in line with the Constitution, Structures Act, Systems Act and MFMA. ○ Considers reports and recommendations by both mayoral committee and council committees.
Mayoral committee	○ Meets fortnightly; ○ Considers reports and recommendations by the section 80 committees; ○ Is the principal committee of the council charged with the responsibility to provide necessary direction to the municipality in between council meeting
Human Resource and Social Development	This committee convenes monthly and oversees the following matters: ○ Human resources; ○ General administration; ○ Information and communication technology ○ Legal services
Finance and Economic Development	The committee also meets monthly and is responsible for matters relating to: ○ Budget; ○ Expenditure; ○ Income; ○ Supply chain management;

STRUCTURE	KEY AREAS OF RESPONSIBILITY
	• Planning and development of all projects and programmes. • Integrated Development Plan. • Local Economic Development • Environmental Management Plan • Tourism development
Human Settlement and Infrastructure	The standing committee convenes monthly and assumes responsibility for matters relating to the following: • Water services; • Water services provision; • Infrastructure provisioning
Community Liaison, Research and Heritage	This committee also convenes monthly and is responsible for the following functions in the main: • Fire and Rescue Services • Disaster Risk Management. • Municipal Health Services • Thusong Service Centre and ISD & Customer Care

5.1.1 Status on Council Meetings

The status on performance on Council scheduled meetings and the average attendance is summarised below:

No Of Council meetings-11	Meetings Scheduled	Meetings Held	Meeting No	Attendance
	5 Ordinary 6 Special	10	1	93%
			2	93%
			3	80%
			4	80%
			5	73%
			6	78%
			7	71%
			8	78%
			9	75%
			10	88%
			11	90%

During the financial year under review, the Municipal Council consisted of 40 Councillors where a total of 6 Councillors were on a full-time basis (Executive Mayor, Speaker of Council and four Mayoral Committee Members which were also Port-folio Heads of Standing Committee). However the status changed towards end of the financial year after the inauguration of 8 traditional leader's participation in the district municipal council. They were sworn in during the council meeting held on the 31st May 2012 and the number of councillors increased from 40 to 48 with 11 councillors designated as full-time councillors (Executive Mayor, Speaker of Council, Chief Whip of the Ruling Party and 8 Mayoral Members Committee).

5.2 PUBLIC PARTICIPATION AND CONSULTATION

For the financial year under, mayoral imbizos were conducted by the municipality in soliciting inputs from the public relating to the integrated development plan. The matters raised by the communities during these mayoral imbizos have been encapsulated in the ultimate integrated development plan of the municipality;

Extensive public hearings were held with the communities of the municipality in getting the necessary reflections on the formulation of these important programmes *inter alia* IDP, budget process and community awareness on payments of municipal services.

5.3 COMMUNICATION STRATEGY

The district municipality communication strategy is informed by communication plans emanating from the local municipalities' communication plans and through interactions that have been done during community engagements activities conducted.

The communication strategy workshop was held to solicit views from various spheres of the statement and civil society. The workshop was attended by Councillors, Managers, sector departments and civil society organisations.

Among some provincial stakeholders who were present to assist in the development of the district communication strategy were Government Communication and Information System (GCIS), Department of Local Government and Traditional Affairs, Office of the Premier.

The communication strategy has been adopted by the Council as the official document to be used in the implementation of the communication approach for the district.

5.3.1 Human resource available to lead the communication activities:

Two people were available to implement the district communication strategy action plan:

1 x Media Liaison Officer

1 x Assistant Media Liaison Officer

5.3.2 Infrastructural resource available for communication activities:

The Unit had an allocation of R1.4 million during the financial year under review to fulfil its mandate.

Infrastructural resources available to execute communication functions:

Two digital cameras and one video camera which are used to capture activities taking place within the district and also central in the recording of activities to be included in to the municipal News Letter which is one of the communication platform to take government information to communities within the district.

Officials within the Communications Unit are also provided with Municipal Cellphones and other benefits like Car Allowance which simplifies the nature of their work in order for them to work efficient and effectively.

5.4 INTERGOVERNMENTAL RELATIONS AND INTERNATIONAL RELATIONS

The district municipality did not develop any new IGR framework during the year under review since the existing framework was deemed relevant to the requirements of the IGR Framework. The district Municipality further maintained the form of the existing IGR Structures which are Broader IGR (municipalities, government departments, government Parastatal and other stakeholders) District Mayors Forum, Municipal Manager's Forum, IDP Managers' Forum, IDP Representative Forum, District Communicators Forum, District Aids Council, District Support Team and District Environmental Management Forum. The district Municipality held a total of three standing Broader IGR meetings out of four scheduled meetings and the fourth meeting was treated as a preparatory meeting for the Provincial EXCO Outreach. The broader IGR Structure sits on a quarterly basis and other IGR structures sits bi-monthly or as and when a need arises. Such structures feed up to the broader IGR Structure. During the financial year under review, the district municipality held a Provincial EXCO Outreach where the district municipality accounted to the EXCO on the state of service delivery, governance and further reflected on challenges affecting the district as whole in terms of rendering services and further highlighted areas of intervention by the EXCO.

The district continued using the same IGR structures formulated the previous year however some challenges such as lack of attendance by government departments, instability within the district in the form of Municipal Manager's position were experienced. The district municipality then managed to hold a total of four meetings and most of those meetings were due to the preparation for National Elections and preparation of reports for Provincial EXCO visits.

5.4.1 Municipality's Partnerships with other Spheres

The district municipality during the financial year under-review retained its partnership with Osterhsund Local Municipality of Sweden. The partnership started in the previous financial years and it was meant to assist the municipality on job shadowing, LED programmes, skills development and waste or environmental management. This partnership saw a number of delegates' visits between the two municipalities taking place during the financial year under review. These visits ensured strengthened partnerships and improved capacity in terms of both human and financial capacity.

5.5 LEGAL MATTERS

The Municipality has a Legal Services Unit manned by two officials and one intern who was doing clerical work for the Unit. The Manager of the Unit has a B-Juris and LLB degree and he is an admitted attorney and the legal Admin Officer had a B-Proc degree but he is not yet admitted as an attorney. The intern is having a National Diploma in Office Management and Technology. The Municipality is outsourcing some of the matters particularly the High Court matters. The following firms were used during the year under review:

Fikile Ntayiya and Associates

Makaula Zilwa Attorneys

Mdledle Incorporated

5.5.1 Management of litigation

1. Case Load Management with specific reference to:

a. <u>Favourable cases</u>

Case name	Recovery (yes/No)	Reasons for non-recovery
ANDM & Sinothando Mtshengu	Yes	The debtor's emoluments were attached and the debt is being serviced.
ANDM & Dumisani Lusawana	No	Judgment obtained and the matter is under execution.
ANDM & Lulamile Mapholoba	Yes	Settled

ANDM & Mzulungile Luphindo	No	Debtor no longer paying attorneys instructed to proceed with litigation.
ANDM & Thembile Thompson	Yes	The Debtor is paying though not regularly.
ANDM & Elvin Mkoward Chirwa	Yes	Debtor is paying even though he is not making regular payments
ANDM & Mlungisi Gila	No	Instructed attorneys to obtain the services of the Tracing Agents to locate the whereabouts of the Judgment debtor.
ANDM & Zanovuyo Malusi	No	The Municipality is struggling to get the whereabouts of the debtor.
ANDM & Jacqueline Bosman	Yes	Debtor currently servicing the debt.
ANDM & Nontutuzelo Magugu	No	We shall soon instruct attorneys to re-issue summon and ensure that the same is served to the debtor.
ANDM & Theo Rautenbach	No	The matter is being defended and all necessary pleadings have been filed.
ANDM & MP Civils	No	Settlement negotiations are in the pipeline.

b. <u>Unfavourable cases</u>

The Municipality did not have any unfavourable cases during the year under review.

2. <u>Case age analysis,</u>

Case name	Nature of the case	Date of commencement	Cases of 2 years or bellow	Cases beyond 2 years	Reasons for extensive duration
Moeketsi Joseph Phirimane & ANDM	Contractual	30 September 2009		Yes	The plaintiff is the dominis litis so he is not taking any action to prosecute the matter.
Malukazi Project &	Contractual	19 July 2006		Yes	The matter is still at pleading stage and the

Case name	Nature of the case	Date of commencement	Cases of 2 years or bellow	Cases beyond 2 years	Reasons for extensive duration
ANDM					plaintiff has not taken any steps to prosecute the matter.
Affinity Solutions (Pty) Ltd & ANDM	Contractual	30 October 2008		Yes	Pleadings closed the matter dying natural death.
J & G Enterprise (Pty) Ltd & ANDM	Contractual claim.	13 April 2010	Yes		Pleadings closed the municipality is awaiting trial date.
Zoliswa Mgwebi & ANDM	Claim of Death Benefits	19 September 2009		Yes	Pleadings were closed but an interlocutory application joining ORTDM in the proceedings was made.
Makaziwe Marketing Cc & ANDM	Contractual (services rendered)	06 September 2007		Yes	The matter is slowly dying natural death.
ANDM & MP Civils	Contractual	April 2009		Yes	The matter is awaiting trial date
ANDM & Theodore Armstrong Rautenbach	Claim for recovery of money of advanced payment	2005		Yes	The municipality is awaiting trial date.
ANDM & Vukile Selonyane	Contractual (Car Loan)	04 August 2008		Yes	Judgment obtained and the matter is at execution stage.
Phumla Mabandla & ANDM	Contractual	2008		Yes	Pleadings closed and the municipality is awaiting trial date.
Ernest Zellhuber & ANDM	Unpaid pension contributions	November 2006		Yes	Pleadings closed and the municipality is awaiting trial date.

ANDM & Ernest Zellhuber	Contractual claim	2005		Yes	Pleadings closed. Municipality failed to discover some of the documents and the matter was struck off the roll.
3P Consulting &ANDM	Contractual	2010	Yes		Pleadings closed awaiting trial date
David Sepeika Credit Consultants	Contractual	2010	yes		Pleading stage.
Umnotho & ANDM	Contractual	October 2011	Yes		Pleadings closed
Zolani Gulwa & ANDM	Contractual	2010	Yes		Pleadings closed awaiting trial date
Sunset Beach & ANDM	Application	2012	yes		Finalised
Sinezipho Urban & Rural Development & ANDM	Contractual	2012	yes		Pleading stage.

a) Default judgements

No default judgments were obtained against the Municipality during the financially year under review.

b) Prevention mechanisms of current litigations:

The Legal Services Department is involved in drafting, editing and vetting of contracts. Legal services also assist on contract management. Contracts entered into by the Municipality have a dispute resolution clause, so some of the matters are resolved without the necessity of litigation. In some instances litigation is inevitable given the nature of the disputes.

c) Criminal matters emanating from corruption and fraud

There is one case of fraud emanating from payment of ghost employees by the Human Resource Personnel to wit Viwe Makholwa, Nontethelelo Gogela and Bulelwa Bidla. Necessary disciplinary proceedings have been instituted against the affected employees and they have since been dismissed from work. Criminal case has been reported with the Police and they are currently out on bail. There are matters emanating from the previous financial years. The matter of Zolani Gulwa is still pending in the Regional Court. The matter involving Lizo Cekeshe, Zola Moyana and Andisiwe Njungwini is awating Regional Court Date. The case involving Polelo Mohale and Alina Ntsane were finalised. The charges were withdrawn against Alina Ntsane and Polelo Mohale was found not guilty and he was discharged.

5.5.2 Management of Legal Risks

There is no specific Policy adopted by Council to manage Legal Risk during the Year under review. The Municipality is ensuring proper implementation of the existing Policies to wit Supply Chain Management policy, Transport Policy, Recruitment Policy etc. to ensure that the Municipality is not exposed to litigation risk.

CHAPTER 6: FUNCTIONAL AREAS REPORTING AND ANNEXURE

6.1 GENERAL INFORMATION (POPULATION STATISTICS)

6.1 GENERAL INFORMATION (POPULATION STATISTICS)

	ALFRED NZO DISTRICT MUNICIPALITY		
	GENERAL INFORMATION		
Reporting Level	Detail	Total	
OVERVIEW	Alfred Nzo District Municipality consists of four Local Municipalities being Matatiele, Umzimvubu, Ntabankulu and Mbizana. Umzimvubu local municipality is made up of 27 wards, Matatiele local municipality is made up of 26 wards, Mbizana local municipality is made up of 31 wards and Ntabankulu local municipality is made up of 18 wards of which the district municipality is made of 102 wards. Alfred Nzo DM has its Civic Office which seats in Mt Ayliff Town. The Council of Alfred Nzo has a total of 48 Councillors, including the Executive Mayor, Speaker and Chief Whip and eighteen full-time Councillors which are Members of the Mayoral Committee.		
	Geography:		
1	Geographical area in square kilometres	11 119 km^2	
	Note: Indicate source of information	*DRAFT ANDM SDF, 2011*	
	Demography:		
2	Total population	900 491	
	Note: Indicate source of information	*Community survey, 2007*	
3	Indigent Population	*<total>*	
4	Total number of voters	*<total>*	
5	Aged breakdown:		
	- 65 years and over	*31263*	
	- between 40 and 64 years	*72868*	
	- between 15 and 39 years	*171397*	
	- 14 years and under	*203870*	
	Note: Indicate source of information	*Community survey, 2007*	
6	Household income:		
	- over R3,499 per month	*11518*	
	- between R2,500 and R3,499 per month	*5132*	
	- between R1,100 and R2,499 per month	*30401*	
	- under R1,100 per month	*29875*	
	Note: Indicate source of information	*Community survey, 2007*	

6.3 COMMMNITY AND SOCIAL SERVICES FUNCTION' S PERFORMANCE

Function:	Community Development Services		
Sub Function:	All inclusive		
Reporting Level	Detail	Total	
Overview:	The department deals with specifics that include Disaster Management, Fire & Rescue Services, Municipal Health Services, Customer Care, Institutional & Social Development, and Thusong Service Centre and Sports, Arts, Recreation, Culture, Heritage and Libraries.		
Description of the Activity:	The function of provision of various community and social services within the municipality is administered as follows and includes: *Nophoyi Thusong Service Centre:* The centre is responsible to provide services closer to the people, it locally based and coordinates through the established structure, provision of services by various dept i.e. SASSA, Social Development, Home Affairs, SAPS, Post Office, Health. It is a one-stop service centre. *Municipal Health Services*: The service is designed to ensure that a comprehensive environmental health services package is rendered to the inhabitants of the district (rich and poor combined), as this is a free basic service. *Institutional & Social Development:* The programmes which were undertaken in the year under review include: Community development in the form of creating sustainable teams to take care of the projects conducted by the DM in ANDM villages, facilitation of crime prevention sessions, Library programme coordination Customer Care: Ensure that ANDM renders an efficient and effective quality service delivery to all of its communities. *Fire and Rescue Services:* The mandate of the unit includes: preventing the outbreak or spread of fire, fighting or extinguishing existing fires, protection of life or property, against fire or other life threatening danger, the rescue of life from fire or other dangers, subject to the provision of health act, rendering of ambulance/ emergency services. *Disaster Management Services:* Responsible Disaster risk Management and prompt response. Facilitate scientific risk assessment process, promote community awareness & capacity building, facilitate disaster response, recovery and rehabilitation programs – providing social emergency relief Sports, Arts, Recreation, Culture, Heritage & Libraries The municipality has a mandate to: render all these above named services in conjunction with all affected stakeholders, thus rendering a comprehensive service to the communities of ANDM. The strategic objectives of this function are: - *Disaster Management Recovery & Rehabilitation* - *Disaster Management Plan development* - *Facilitation of recruitment & support to Fire Services objectives* - *Embark on community fire safety awareness and education* - *Turnaround times for responding to a reported fire incident* - *Water Quality Monitoring* - *Food Control & Safety* - *Health surveillance of premises* - *Institutional social development* - *Customer care* - *Thusong Service Centre* The key issues for 2011/12 FY are: *Disaster Management Plan be reviewed* *Service Level Agreements of the Nophoyi Thusong Service Centre be signed* *Customer Care be fully operational* *Beefing up of the units through employment of personnel* *Devolution of personnel from ECDoH to ANDM be finalised*		

	Develop a Fire Safety Plan *By- laws/ guidelines around functioning of the dept to be fully operational and be inclusive of the new demarcation boundaries*		
Analysis of the Function:	*<Provide statistical information on (as a minimum):>*		
1	Nature and extent of services provided:	*Actual*	*Target*
	- No of samples taken and analysed on-site	*420*	*400*
	- No of CoAs issued (to complying businesses including caterers)	*120*	
	- No of businesses evaluated (food selling only)	*350*	
	- No of food poisoning awarenesses done	*48*	
	- No of businesses evaluated	*390*	
	- No of assessments & investigations done (after notification)	*20*	*100% of all notifications*
	- 1 skid unit, specialised equipment for Maluti fire engine, specialised uniform procured & delivered	*1*	*1*
	- 58 fires reached & extinguished on time.	*58*	
	- 70 schools reached on fire safety awareness programmes	70	
2	Number and cost to employer of all personnel associated with each community services function:		*R(000s)*
	- Nophoyi Thusong Service Centre	*4*	*R750,000.00*
	- Municipal Health Services	*18*	*R3,500,000.00*
	- Fire & Rescue Services	*18*	*8,900,000.00*
	- Disaster Management	*5*	*3,500,000.00*
	- Institutional & Social Development & Customer Care	*6*	*3,000,000.00*
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
6	Total operating cost of community development services function		*R19,650,000.00*

Key Performance Area	Disaster Management	Current	Target
• *Approved Disaster management policy frameworks and plans (Metro and DM)* • *Initiated the use of the Thusong centre, despite the fact that SLAs have not yet been signed*	The policy framework has been reviewed and workshops have been carried out, esp. in both LMs (Umzimvubu & Matatiele). Disaster Management Plan: A disaster management plan has been finalised. Procurement of 1 Disaster Response vehicle (bakkie - 4WD) Procurement of emergency relief material for all wards affected • No of services provided by various departments within the center • No of people attended at the centres (Home Affairs- issuing of ID, birth certificates and distribution of identity documents and marriage certificates issued at the centre • SASSA old age grants, foster grants and food parcels to needy communities • Clients consulted by social workers at the centre is improving tremendously • Certification of documents by SAPS has increased at the centre • No of clients attended to by DOH has also increased		

6.4 SPECIAL PROGRAMMES AND ATTIC

Function: **Special Programmes Unit** **Sub Function:**			
Reporting Level	**Detail**	**Total Cost**	
Overview:	To ensure specific mandate of the unit I its relevance in implementing of government macro-socio economic development strategies, through mainstreaming, coordination, lobbing through mainstreaming, coordination, lobbying and advocacy.		
Description of the Activity:	The function is to coordinate and facilitate the formation of youth council, gender, forum, elderly forum, disability forum and children advisory council as be dictated by policy of the municipality. *Youth objectives* To integrate youth development plan with IDP objectives To ensure youth programmes are mainstreamed within the municipality *Disability objectives* To develop a clear performance indicators in line with priority areas to ensure affective monitoring and evaluation progress. To allocate resources for the benefit of disabled people and mechanisms ensuring that these resources reach them. To intergrade interest of people with disabilities into budget, programmes, polices legislation and / or strategies.		
Analysis of the Function:	Analysis of the Function Youth and Disability Programmes below		
Youth Development Programmes	Condom week and Youth Awareness campaign	*1*	*200 000*
	District seminar	*1*	*11 00*
	Youth Empowerment Programme	*1*	*200 000*
	Youth Development	*1*	*20 000*
	Youth Meetings	*1*	*1 425 00*
Total			***432450***

Disability Development Programmes	Launch of Disability structure	*1*	*5 700*
	Provincial Disability summit preceded by the District Pre-summit	*2*	*24 890*
	Disability data collection	*1*	*188 300*
	Disability outreach programmes	*4*	*21 485*
Total	Provincial Disability day (IDDP)	*1*	*10 000*
			250 375
	HIV AND AIDS SECTION		
Overview:	Coordination of all HIV and AIDS,STI and TB programmes / activities that falls under the competence of the district municipality and provincially(Eastern Cape AIDS Council – ECAC).		
KPA	1. Coordination of HIV and AIDS programmes throughout the district.		
IDP and Project objectives	Support functioning of District AIDS Council and Local AIDS Council of the 4 Local Municipalities istrict and Local AIDS Council Support Programme	*5*	
	-Establishment of Local AIDS Council both Matatiele and Umzimvubu Local Municipalities - Matatiele LAC strategic plan and Launch of Umzimvubu LAC structure and quarterly meetings	*2*	R1 650.00
	-Support visits on review Local AIDS Council [LAC] functioning.	*1*	R1300 .00
Total	-District AIDS Council meetings		**R2 950**
KPA	2. Care and Support for People Living with HIV and AIDS		
	To have AIDS free society with reduce stigma and discrimination of People Living with HIV and AIDS.To improve Care and Support Services throughout the district		
	-District Event - Candle Light Memorial Day held at Mbizana Municipality – Rockville J.S.S - Service on wheels.	*1*	
	-Local Candle Light Memorial Day as build up programme.	1	
	Capacity building (5 days training) for 45 People Living with HIV and AIDS on treatment adherence- Anti Retroviral Treatment for Umzimvubu, Matatiele and Mbizana Local Municipalities.	2	

	-Establishment of Orphans and Vulnerable Children district forum Integrated programme on HIV and EPWP- 15 PLWH/As as HIV and AIDS community workers with stipend,		
3. Education and Awareness Programmes	To sensitise communities about the disease and its impact in the socio – economic development of the individual, family and the community at large, To provide HIV and AIDS information that will be relevant, effective, accessible, affordable and cultural appropriate to the Alfred Nzo community especial in rural areas	4	*R1 500.00*
	-Consultation meetings for district stakeholders for review of HCT (HIV, Counselling and testing plan.	1	
	- Strengthened stakeholders' HIV and AIDS Coordination both on planning and reporting system.	534800 male 3200 Female	
	-Number of condoms distributed.	33	*R70 614.00*
	-Education and awareness campaign		
TOTAL			*R72 114.00*
IDP Objectives	**Gender Based , Child and Elderly Programmes**		
	To coordinate and facilitate the integration and mainstreaming of women and men's programs in the mainstream of the government so as to address the plight of discrimination and abuse, through Women Empowerment and Development programs.		
	-Women's forum		
	-National Women's Day		
	-16 Days of Activism		
	-Women and HIV and AIDS		
	-Gender Based Violence Action plan review and implementation.		
	-Gender Mainstreaming for managers		
	-Women Economic Development programme		
	-Take a girl child to work		
	-International Children's Day		
	-Back to School		

	-Mayor's Christmas for older persons .		